

The State Board of Regents met on Thursday, July 18, 1996, at Iowa State University. The following were in attendance:

	<u>July 18</u>
<u>Members of State Board of Regents</u>	
Mr. Newlin, President	All sessions
Mr. Dorr	All sessions
Mrs. Kennedy	All sessions
Mr. Lande	All sessions
Ms. Mahood	All sessions
Mrs. Pellett	All sessions
Mrs. Smith	All sessions
Dr. Tyrrell	All sessions
<u>Office of the State Board of Regents</u>	
Executive Director Richey	All sessions
Deputy Executive Director Barak	All sessions
Director Houseworth	All sessions
Associate Director O'Rourke	All sessions
Associate Director Racki	All sessions
Associate Director Williams	All sessions
Assistant Director Tiegs	All sessions
Minutes Secretary Briggle	All sessions
<u>State University of Iowa</u>	
President Coleman	All sessions
Interim Provost Becker	All sessions
Vice President Manasse	All sessions
Vice President Skorton	All sessions
Vice President True	All sessions
Associate Vice President Small	All sessions
Director Howell	All sessions
Legislative Counsel Stork	All sessions
<u>Iowa State University</u>	
President Jischke	All sessions
Provost Kozak	All sessions
Vice President Madden	All sessions
Assistant to the President Mukerjea	All sessions
Assistant Vice President Espinoza	All sessions
Director Bradley	All sessions
Interim Director Anderson	All sessions
Assistant Director Steinke	All sessions
<u>University of Northern Iowa</u>	
President Koob	All sessions
Provost Marlin	All sessions
Vice President Conner	All sessions
Vice President Follon	All sessions
Executive Assistant to the President Gadelmann	All sessions
Director Chilcott	All sessions
<u>Iowa School for the Deaf</u>	
Superintendent Johnson	All sessions
Director Heuer	All sessions
Interpreter Reese	All sessions
Interpreter Baumann-Reese	All sessions

GENERAL
July 18, 1996

Iowa Braille and Sight Saving School
Superintendent Thurman
Director Woodward

All sessions
All sessions

GENERAL

The following business pertaining to general or miscellaneous business was transacted on Thursday, July 18, 1996.

President Newlin recognized Representative Betty Grundberg who was in attendance.

APPROVAL OF MINUTES OF BOARD MEETING OF JUNE 19, 1996. The Board Office recommended the Board approve the Minutes, as written.

President Newlin asked for corrections, if any, to the Minutes.

MOTION: Regent Kennedy moved to approve the Minutes of the June 19, 1996, meeting, as written. Regent Mahood seconded the motion. **MOTION CARRIED UNANIMOUSLY.**

CONSENT ITEMS. The Board Office recommended the Board approve the consent docket, as follows:

Receive reports on the Iowa State University Committee for Agricultural Development and the Iowa State University Agricultural Foundation;

Refer the proposed name change of the Iowa Urban Community Research Center at the University of Iowa to the Interinstitutional Committee on Educational Coordination and the Board Office for review and recommendation;

Refer the request for termination of the Center for Professional and Executive Development at Iowa State University to the Interinstitutional Committee on Educational Coordination and the Board Office for review and recommendation;

Receive the follow-up report on the discontinuance of the Social Work Program at Iowa State University;

Receive the capital register for the Iowa School for the Deaf (no transactions); and

Receive the capital register for the Iowa Braille and Sight Saving School (no transactions).

ACTION: President Newlin stated the Board approved the consent docket, as presented, by general consent.

INTERINSTITUTIONAL COMMITTEE ON EDUCATIONAL COORDINATION. (a) Discontinuance of Undergraduate Curriculum - Iowa State University. The Board Office recommended the Board approve the request to discontinue the undergraduate curriculum in teaching prekindergarten-kindergarten at Iowa State University.

This proposal was reviewed by the Interinstitutional Committee on Educational Coordination and the Board Office and both recommended approval. This program was being discontinued due to the discontinuation of licensure by the State Board of Educational Examiners. The curriculum in early childhood education is now the appropriate path to licensure.

Students currently in the program were advised of the change in licensure and may choose to change to the early childhood curriculum; most have already done so. The program will continue until all the students have graduated, consistent with Board policy.

Resources freed up by the discontinuance of this program will be utilized by the early childhood program.

MOTION: Regent Pellett moved to approve the request to discontinue the undergraduate curriculum in teaching prekindergarten-kindergarten at Iowa State University. Regent Smith seconded the motion. MOTION CARRIED UNANIMOUSLY.

(b) Discontinuance of Nuclear Engineering - Iowa State University The Board Office recommended the Board approve the request to discontinue the Master of Science and Ph.D. in Nuclear Engineering at Iowa State University.

This proposal was reviewed by the Interinstitutional Committee on Educational Coordination and the Board Office and both recommended approval.

The reason for this request was the low level of interest in this area of study at Iowa State University and other universities due to the bleak future for nuclear energy. In 1995, there was one M.S. student and one Ph.D. student enrolled. Both of these students have completed their course requirements in nuclear engineering so no further courses in this area are needed. Each student will have completed his degree by December 31, 1996.

Any funds made available as a result of the discontinuance of this program will be reallocated in the engineering programs. The faculty affected by the discontinuance are now teaching mechanical engineering courses.

The UTR-10 Nuclear Reactor will be decommissioned at an estimated cost of \$2 million. The source of funding for the decommissioning had not been determined.

Regent Tyrrell asked about the status of the nuclear reactor until it is decommissioned. Is maintenance or upkeep required?

Provost Kozak responded that the reactor will continue to be maintained in an operational mode until funds become available to decommission it. He said the cost to maintain the reactor is \$100,000/year.

MOTION: Regent Dorr moved to approve the request to discontinue the Master of Science and Ph.D. in Nuclear Engineering at Iowa State University. Regent Kennedy seconded the motion. MOTION CARRIED UNANIMOUSLY.

(c) Discontinuance of Electrical and Computer Engineering - Iowa State University. The Board Office recommended the Board approve the proposal to discontinue the Master of Engineering Degree in Electrical Engineering and in Computer Engineering at Iowa State University.

Iowa State University officials requested the discontinuance of the Master of Engineering in Electrical Engineering and in Computer Engineering (both non-thesis) to be replaced by a non-thesis option for the Master of Science in Electrical Engineering and in Computer Engineering.

This proposal was reviewed by the Interinstitutional Committee on Educational Coordination and the Board Office and both recommended approval.

The vast majority of Master degree students pursue the Master of Science instead of the Master of Engineering Degree. Enrollment in the Master of Engineering is 19, while 194 are enrolled in the Master of Science program.

This action would bring the degrees offered in line with other degree offerings of the college.

Students currently enrolled in the programs to be discontinued will be allowed to complete the program, consistent with Board policy.

MOTION: Regent Mahood moved to approve the proposal to discontinue the Master of Engineering Degree in Electrical Engineering and in Computer Engineering at Iowa State University. Regent Dorr seconded the motion. MOTION CARRIED UNANIMOUSLY.

(d) Post-Audit Report - Iowa State University. The Board Office recommended the Board receive the post-audit report on Rhetoric and Professional Communication at Iowa State University and approve continuance of the program.

The report was reviewed by the Interinstitutional Committee on Educational Coordination and the Board Office and both recommended approval.

A review of the post-audit report on this program indicated that the program has met or exceeded the objectives initially set for this program.

MOTION: Regent Lande moved to receive the post-audit report on Rhetoric and Professional Communication at Iowa State University and approve continuance of the program. Regent Smith seconded the motion. MOTION CARRIED UNANIMOUSLY.

(e) Undergraduate Major Environmental Science - Iowa State University. The Board Office recommended the Board approve the proposed interdepartmental undergraduate major in Environmental Science at Iowa State University pending approval by the Iowa Coordinating Council for Post-High School Education.

Iowa State University officials requested approval to create a new major in Environmental Science for the B.S. interdepartmental degree in the College of Liberal Arts. The

proposed program was reviewed by the Interinstitutional Committee on Educational Coordination and the Board Office and was recommended for approval.

The proposed undergraduate major will provide an interdisciplinary program in environmental science which will focus on the application of basic science to environmental issues. The university already has an approved Environmental Science secondary major.

The proposed major was designed to provide an integrated interdisciplinary approach to environmental science and emphasizes two principles: (1) a scientific foundation; and (2) integration and systems analysis. The latter assures that graduates must be capable of integrated analysis of environmental systems.

Students in the program would complete foundation courses in chemistry, biology, physics and mathematics, plus a major consisting of an integrated core of Environmental Science courses and additional advanced course work in Environmental Science selected from departmental course offerings.

University officials estimate that the enrollment of majors and non-majors in this program will increase from an initial 10 students to about 50 each.

University officials estimate the cost for implementing the program for the first two years to be about \$42,300 for graduate assistants and general expense. The funds for these expenses will come from the Colleges of Agriculture and Liberal Arts.

This program is consistent with the mission of Iowa State University.

MOTION: Regent Dorr moved to approve the proposed interdepartmental undergraduate major in Environmental Science at Iowa State University pending approval by the Iowa Coordinating Council for Post-High School Education. Regent Pellett seconded the motion. MOTION CARRIED UNANIMOUSLY.

(f) Proposed BA Major and Minor in Performing Arts - Iowa State University. The Board Office recommended the Board approve the proposed new program major and minor in the Performing Arts at Iowa State University pending approval by the Iowa Coordinating Council for Post-High School Education.

Iowa State University officials requested approval to create a new undergraduate major and minor called "Performing Arts." The degree will be based on existing coursework offered by the existing programs in Music and Theatre.

The proposed program was reviewed by the Interinstitutional Committee on Educational Coordination and the Board Office and both recommended approval.

The goal of this curriculum is to produce graduates with a well-rounded liberal arts education and a concentration in the performing arts. It was anticipated that graduates of this program will be well prepared for the work force and graduate schools.

By providing a strong cross-disciplinary undergraduate major the proposed program will meet the need of students in the performing arts who need a major listed on their diplomas which reflects their specific skills, training, and employment goals. The proposed "Minor" will provide a secondary undergraduate field of study for students interested in using the performing arts to supplement their primary interests.

The proposed major in Performing Arts has been a part of the strategic plan of the College of Liberal Arts.

MOTION: Regent Smith moved to approve the proposed new program major and minor in the Performing Arts at Iowa State University pending approval by the Iowa Coordinating Council for Post-High School Education. Regent Kennedy seconded the motion.
MOTION CARRIED UNANIMOUSLY.

(g) Course Changes - University of Iowa. The Board Office recommended the Board approve the proposed course changes at the University of Iowa.

The proposed course changes were reviewed by the Interinstitutional Committee on Educational Coordination and the Board Office and both recommended approval.

College of Dentistry

The College of Dentistry course changes included adjustments to reflect more accurately the course content of Dentistry courses, course title changes, dropping of graduate courses as departments shift to the Masters degree in Oral Science and the final phase out of Dental Hygiene courses.

College of Medicine

The major goals of the College of Medicine's new medical curriculum for the first two years of the educational process are to improve both the horizontal and vertical integration of material; to define core content and its clinical relevance; to provide earlier patient contact; and to assist students in assuming a greater role in their education by promoting the transition to adult-style learning patterns. The major thrust of the proposed course changes is the implementation of these goals.

College of Nursing

A survey in the College of Nursing over the proposed course changes reflects the turmoil in nursing education and the attempts of the faculty to assure that the curriculums reflect more collective reality. The changes are in line with the four-year curriculum requirement, and the new GER policy decided by the SUI Faculty Council. The college reports that it is making serious efforts to overcome the shortcomings found in the value added to student learning from such factors as teaching quality, tailoring the environment, and making the learning process more effective.

College of Pharmacy

The course changes in the College of Pharmacy continue to be based on the conversion to the new Doctor of Pharmacy degree program. Specialty clerkships have been individually identified by more descriptive names than in the past. This appears to have created many more courses, but this is not really the case since most were listed simply as elective clerkships in the old program. Additional clerkships may be added in the future as the college expands its breadth in the clinical area as the Pharm.D. program matures.

College of Liberal Arts

Continuing a trend that began last year, departments and programs in the Liberal Arts added fewer new courses than in recent years. This year more courses were dropped than added. Sometimes new courses were created to strengthen undergraduate education, many new courses were added to reflect the changes in graduate-level curricula.

Because a student's first contact with a course is through the title, departments strive to create clear and informative titles. Course number changes are the result of a department or program reevaluating a course and using the number to signal to students the level of difficulty or content. Departments and programs also reevaluated the credit hours associated with various courses, and made adjustments to reflect the amount of work required of students.

College of Business Administration

Changes in the College of Business Administration include conversion of another required undergraduate course from teaching assistant taught to faculty taught. With this course change, only two specific accounting courses required of all students for the B.B.A. will be taught by teaching assistants (many of whom are Certified Public Accountants). Other course changes include the addition of an ethics course, a course on the web that takes advantage of the Pappajohn facilities to introduce students to electronic commerce, and new courses in entrepreneurship facilitated by the recent gift to the Pappajohn Entrepreneurial Center.

College of Education

For the past two years the college has reduced the number of offerings for the following reasons: faculty retirements or faculty leaving for other positions who were not replaced; non-required courses with small enrollments were discontinued; the discontinuation of the graduate program in marriage and the family; and the decision to reduce the number of low enrollment graduate courses to assign more faculty to undergraduate classes. New courses were added to meet accreditation and teaching licensure requirements in several programs and the addition of new faculty bringing new expertise to the college including some in educational technology.

College of Engineering

Course changes reflect changes in Engineering practices and technology such as the use of computers and information systems to solve problems. Additional changes reflect the growth areas within the college such as civil and electrical engineering.

College of Law

Two major curricular trends represented in the most recent course changes: 1) Expanding opportunities for study in international and comparative law; and 2) Increased emphasis on practical skills training.

MOTION: Regent Kennedy moved to approve the proposed course changes at the University of Iowa. Regent Mahood seconded the motion. MOTION CARRIED UNANIMOUSLY.

(h) Admissions Change - University of Northern Iowa. The Board Office recommended the Board approve the proposed change in University of Northern Iowa entrance requirements.

University of Northern Iowa officials proposed a change in entrance requirements from three years, including one year of Algebra and sequential courses of increasing difficulty, to three years, including the equivalent of two years of Algebra and one year of Geometry.

The proposed change was reviewed by the Interinstitutional Committee on Educational Coordination and the Board Office and both recommended approval.

This change is intended to update and clarify the university's admission requirements by being more specific about what is required.

All three Regent Universities have slightly different mathematics requirements. The proposed change at the University of Northern Iowa would make the entrance requirements at the three universities somewhat more similar.

The proposed change would be effective for students admitted Fall 1998. University officials should make a special effort to convey the change to potential students, high schools, etc.

Regent Tyrrell stated that the Priority Study Group on Four-Year Graduation Rates has worked hard to stress the advantages of students attending the Regent universities. A brochure was developed and distributed to all 8th graders in the state. The proposal was a change to what was published which he hoped would be updated appropriately in the brochure.

Interim Provost Becker responded that if students follow the guidelines in the brochures they will be adequately prepared. The proposal brings the requirements of the three institutions closer together.

Provost Marlin noted that the proposed change in entrance requirements was to become effective in 1998. The brochure to which Regent Tyrrell referred will be revised before it is next printed.

MOTION: Regent Pellett moved to approve the proposed change in University of Northern Iowa entrance requirements. Regent Tyrrell seconded the motion.
MOTION CARRIED UNANIMOUSLY.

(i) Discontinuance of Degree Programs - University of Iowa. The Board Office recommended the Board approve the discontinuance of the M.S. and Ph.D. programs in

Botany at the University of Iowa consistent with Board policy to allow current students to complete the programs.

University of Iowa officials proposed to discontinue the M.S. and Ph.D. programs in Botany. This request was reviewed by the Interinstitutional Committee on Educational Coordination and the Board Office and both recommended approval.

Several years ago the Board of Regents approved the merger of the Botany and Biology Departments. As a further step in this action University of Iowa officials requested approval to close the M.S. and Ph.D. programs in Botany when the currently- enrolled students complete their degrees. The M.S. and Ph.D. in Biology will be retained.

The M.S. and Ph.D. degrees in Botany are currently offered at Iowa State University

Any savings resulting from this action will be reallocated.

MOTION: Regent Kennedy moved to approve the discontinuance of the M.S. and Ph.D. programs in Botany at the University of Iowa consistent with Board policy to allow current students to complete the programs. Regent Smith seconded the motion. MOTION CARRIED UNANIMOUSLY.

Provost Kozak, on behalf of the Interinstitutional Committee on Educational Coordination, made a special commendation to their colleague Sam Becker. He stated that Interim Provost Becker has been at the University of Iowa longer than Provost Kozak is old. He said the ICEC members have benefited tremendously from Dr. Becker's collegiality, insight and deep wisdom, and that they all wished him well.

POLICY ON NEW PROGRAM LOCATIONS. The Board Office recommended the Board approve the proposed interim policy on new program locations.

At the present time the Board has a loophole in its policies and procedures regarding the offering of academic programs off-campus. It does not require the offering of degrees in off-campus locations to be approved by the Board if the degree has been approved by the Board for on-campus offering. Thus major academic programs can be placed in locations throughout the State of Iowa, in other states and in foreign countries without Board involvement.

Under current procedures as interpreted by the institutions, the Board has no opportunity to exercise its coordinating responsibility and authority nor does it have any role in the quality, fiscal or political aspects of such decisions. Unnecessary duplication,

relationships with other educational sectors/or opportunities for cooperation or collaboration with other institutions cannot be addressed by the Board.

The growth in distance learning aspirations of the Regent universities and the revolution in telecommunications make it essential that the Board exercise a major role with respect to those programs.

The quality of off-campus programs has long been a major issue throughout the country. Currently, Board procedures do not require any assessment of quality for such offerings because it does not even know about them until the institution decides to inform it, sometimes after the program is already in place.

It was recommended that an interim procedure be put into effect immediately requiring the institutions to submit proposed major academic programs, as defined below, to the Board for approval after being subjected to the Board's assessment process. Further, it was recommended that the Board address in depth, beginning in September, the issues related to distance education and develop over the coming months a strategic plan to guide the universities in this increasingly important activity.

The Board Office recommended that the following interim policy be approved:

All academic degree programs in which at least fifty percent of the credits are to be offered off-campus by the Regent universities in new locations are to be reported to the Board of Regents for approval. Programs are defined as a sequence of learning experiences leading to a degree. Such requests shall be submitted to the Board by using the same procedures as those currently used for new programs. The Interinstitutional Committee on Educational Coordination and the Board Office will review and prepare a recommendation on all such proposals. These new degree programs will be subjected to the post-audit process required by the Board for new programs. The intent is that a program involving at least an academic year of credit offered off-campus at a discrete location would require Board approval. Where circumstances require, such requests will be handled on an expedited basis.

This policy will become effective immediately upon approval by the Board but will be reviewed in detail as a part of the strategic planning for distance learning that will begin in September 1996.

Institutional officials have reviewed the proposed policy and officials of the University of Northern Iowa and the University of Iowa were in agreement with the policy as it was proposed.

The Iowa Coordinating Council for Post-High School Education already requires the approval of programs in new locations. This proposed plan would make the Board of Regents a part of the process.

Regent Dorr stated that this was a fairly significant issue. What if there is disagreement between the Board Office and the institutions? Is there potential recourse to the decisions?

Mr. Richey stated that communication with the Board and institutions can be instantaneous these days. If there is a problem, the Board Office can consult with the Board president and institutional officials to achieve a rapid solution. For non-controversial requests, administrative approval can be provided by the Board Office, subject to Board ratification. If something is potentially controversial perhaps it should not be approved until the Board has a chance to consider the request.

President Coleman stated that the definitions of the way courses are delivered and the delivery of education is moving from a provider to a learner choice model. This will be a continuing issue for the Board. While she had no strong objections to this particular policy, she believes they are in a rapidly changing age. There are going to be more and more delivery of educational opportunities from entities outside the state. Regent universities officials need to be able to move very fast because they may face circumstances where they have to do something quickly. The university might have a program ready to go and just need to offer it in the new location. The whole definition of location is changing. Location is no longer a classroom. She stressed that these were all important issues for them to address. She said she had no intention of cutting the Board out of the process.

President Koob said he seconded to some degree what was said by President Coleman. He said there needed to be consideration given to the role of the Regent institutions to serving all Iowans. The way in which that was being accomplished now was changing very quickly. The proposed policy was meant to assure that the Board is kept informed as the institutions move along through those changes. He said the definitions of programs and the way in which students are served are becoming increasingly unclear. President Koob said he would not oppose this particular policy as long as the conditions set forth in the docket memo are, in fact, achieved; that the Board engages in a direct and immediate discussion of the nature of its commitment to the people of the state and the mechanisms by which the institutions address those needs are undertaken.

President Jischke stressed the importance of consultation in these matters. He said delivery of educational opportunities was clearly an area of rapid change. The idea of location is much different from what it was 30 years ago. He said the Regents were presented with a wonderful example last month of just how quickly this environment is

changing when Dean Melsa described to Board members the circumstances that allowed Iowa State University to cooperate with the people at Rockwell in Cedar Rapids. In that situation the competition was from outside the state. He said a member of the Iowa business community requested Iowa State University's assistance to offer the program.

President Jischke stated that the ability to move quickly is very important. It is also important that the Board review the programs that are being offered from the perspective of the wise use of resources and from the perspective of program quality and how the programs relate to what is currently being done on the campuses. However, he was troubled by the implementation of the proposed policy. For example, when an individual downloads a course on their personal computer is that a new location? If so, the proposed policy puts university officials in the very awkward position of likely violating the policy inadvertently. He stressed the importance of having some very careful discussions because this is a changing environment. The technologies are changing the criteria by which the Board would wisely exercise its governance authority.

MOTION: Regent Lande moved to approve the proposed interim policy on new program locations. Regent Smith seconded the motion.

Regent Tyrrell reminded the Regents that the Iowa Coordinating Council for Post-High School Education was currently wrestling with the development of a strategic plan. In September its members will begin an in-depth study which they hoped would be fair to the institutions and consistent with the Regent universities' mission to serve Iowa citizens. He said he defended this proposed policy as an interim policy.

Regent Dorr suggested that a time frame be established for the development of a structure whereby some of the decisions can be empowered at lower levels. The ability of the Board to provide adequate governance and the ability of the institutions to provide programming both needed to be addressed.

Regent Lande referred to the issue of response time and said it was not limited to this issue. As a Board they need to be prepared to respond with alacrity when it is called for. They need to be able to convene and make a decision on short notice, whether telephonically or in person.

Regent Kennedy noted that it had been stated recently that the Board would be addressing strategic planning for distance learning. She asked if it would be appropriate to start with an education process. Would it be possible to receive presentations from the three universities regarding the concerns of constituents to be served and some of the avenues which are becoming available for serving them, at the September Board of Regents meeting?

Mr. Richey stated that such a presentation is docketed for the September Board meeting. This matter was also being discussed by the Interinstitutional Committee on Educational Coordination. He said he has suggested to Dr. Barak that outside expertise may be sought to provide background and perspective on this issue from a national basis in September and that they then proceed immediately to the development of the strategic plan for distance education. He hoped to have the process completed by November. This matter will be on the docket again in October and it will continue to be on the docket until it is completed.

VOTE ON THE MOTION: Motion carried unanimously.

ANNUAL GOVERNANCE REPORT OF THE IOWA SCHOOL FOR THE DEAF ADVISORY COMMITTEE. The Board Office recommended the Board receive the report of the ISD Advisory Committee.

The Iowa School for the Deaf Advisory Committee met three times during the year: once in Council Bluffs, once over the ICN, and once in Des Moines. Activities highlighted in the report include:

- A review of policies and the Student Handbook,
- Updates on agreements and affiliations,
- A brain-storming session about components of a technology plan for the school, and
- Reception of reports on Iowa School for the Deaf outreach to the State of Iowa and the nation.

Charles Anderson, chair of the Iowa School for the Deaf Advisory Committee, presented a report on the committee's activities during this past year. He noted that he had served on the advisory committee for 15 years and that this was his last year of service due to retirement. He said it had been an absolute joy to work with the Iowa School for the Deaf and to see it develop into a modern school for the deaf and hearing impaired.

President Newlin thanked Dr. Anderson for his service and congratulated him on his career.

ACTION: President Newlin stated the Board received the report of the ISD Advisory Committee, by general consent.

ANNUAL GOVERNANCE REPORT OF THE IOWA BRAILLE AND SIGHT SAVING SCHOOL ADVISORY COMMITTEE. The Board Office recommended the Board receive the report of the Iowa Braille and Sight Saving School Advisory Committee.

The Iowa Braille and Sight Saving School Advisory Committee met twice during the past year. A third meeting was scheduled; it was canceled when committee members' schedules changed suddenly.

Activities highlighted in the report included:

- Review of policies relating to violence in schools and formulation of a student to student harassment policy;
- Inspection of selected campus facilities; and
- Continuing discussions of vision and strategic planning for IBSSS.

Future discussions will include consideration of student achievement in light of modern technologies and a review of the strategic plan that reflects recent studies both within and outside the Regent institutions.

Marion Thompson, chair of the Iowa Braille and Sight Saving School Advisory Committee, presented a report on the committee's activities during this past year. He noted that this was also his last year to serve on the advisory committee.

President Newlin expressed the Board's appreciation to Dr. Thompson for his service.

ACTION: President Newlin stated the Board received the report of the Iowa Braille and Sight Saving School Advisory Committee, by general consent.

FOLLOW-UP ON THE PAPPAS REPORT. The Organizational Audit Oversight Committee was scheduled to make a recommendation to the Board at the July Board meeting regarding the selection of a consulting firm to carry out the project.

The Organizational Audit Oversight Committee reviewed the four responses to the Board's Request for Proposals and will be interviewing two firms prior to the July Board meeting. Following these interviews the committee will identify the firm recommended to the Board at the July Board meeting.

This matter has been under consideration since February when the final Pappas report was presented to the Board and the Organizational Audit Oversight Committee was assigned by the Board to provide a specific oversight role.

In March, the Board reviewed the proposed follow-up process including the role of the Oversight Committee. In April, a draft Request for Proposals (RFP) was presented for Board comments. The proposal was held over by the Board until May for additional comments. No additional comments were made and the recommendation for the RFP was renewed. In May, the Board approved the RFP and authorized the selection of a consultant for Board approval.

Selection of the consultant was delayed one month later than originally planned to provide greater opportunities for Board input.

The project is scheduled to start on July 20; originally it was due to start June 24. The final report from the consultants is due in November.

The consultant will undertake a study of ten specific recommendations contained in the Pappas Report. These ten recommendations are:

1. Create, articulate and implement a strategic vision for the Universities and the two schools.
2. Undertake a comprehensive review of report generation.
3. Focus Board efforts at the Regent-wide/System level.
4. Continue the practice of structuring Board meetings to reflect the legal authority of the Board.
5. Develop formal performance objectives and a process for the periodic review of each President/Institution.
6. Enhance Board orientation.
7. Develop a performance review process of the Board.
8. Develop a Board external communications strategy.
9. Delegate more decision making to institutions and reduce information requirements.
10. Implement staffing recommendations at Board Office based on original KPMG study.

In addition, the consultant will do a comprehensive review of the Board Office and its structure. The consultant will meet individually with all members of the Board of Regents during work on the project.

President Newlin stated that the Organizational Audit Oversight Committee had met the previous day and recommended the selection of MGT as the consultant to carry out the project. The committee recommended the Board approve the recommendation.

MOTION: Regent Kennedy moved approval of the selection of MGT to carry out the follow up on the Pappas report. Regent Tyrrell seconded the motion.

Regent Dorr said it was his understanding when the Regents began in March this process to select a consultant that it was to specifically address operations of the Board Office, how it functions and how those functions could be improved relative to the overall governance process. He said this had evolved to encompass ten recommendations that had flip-flopped around. He asked whether at any point in this process they were going to end up with a thorough review of the Board Office and its operations relative to the governance process.

President Newlin stated that with respect to the 10 recommendations, the consultant will review the recommendations per se and make a recommendation as to the implementation of each of those ten recommendations. With respect to Regent Dorr's comment on the Board Office, he said the consultants are to perform a comprehensive review of the Board Office and its structure; that will be a part of their charge. He noted that some of the items under recommendation number 10 related to the Board Office.

Regent Dorr stated that recommendation number 1 is to "create, articulate and implement a strategic vision for the universities and the two schools". He said the Regents have already asked the institutions to create a strategic vision and in most cases the Regents have approved those strategic visions. Were they now hiring a consultant to rework what the universities have already done?

President Newlin stated that the wording in the docket memorandum was incorrect. Mr. Richey agreed, stating that the wording should have said "board" vision, which was the wording in the RFP. The wording in the docket item was the original recommendation from the Pappas Group.

Mr. Richey stated that the recommendations of the Organizational Audit Oversight Committee were presented to the Board at its April meeting and again at its May meeting. It was on the basis of the information provided at those meetings and the subsequent discussion at those meetings that the Board Office issued a Request for Proposals. What was before the Board at this meeting was a culmination of the authorization by the Board after its consideration at both the April and May meetings from the recommendations that came from the Pappas Group in February and March.

Regent Dorr stated that he had never been clear about the focus of this study. He said he would oppose the hiring of a consultant because he did not understand what it was they were trying to accomplish. He has requested some additional insight since March and what was provided was the ten recommendations. He noted that he was not opposed to doing studies if there is a clear focus of the intent.

Regent Tyrrell stated that the Organizational Audit Oversight Committee members have discussed at some length the importance of keeping the entire Board informed as this study progresses. The oversight committee members desire that everyone understand the importance of doing this in the manner in which it is done. He said there were several issues to be addressed and there was not necessarily agreement with all the Pappas recommendations. The Organizational Audit Oversight Committee has the direct responsibility for working with the consultants and guiding the study; however, there is an intent to be responsible to the entire Board and to keep the Board members informed on a continuing basis.

Regent Pellett said she also thought the study was to be centered more on the Board Office.

Regent Lande stated that the four Regents who are on the Organizational Audit Oversight Committee agreed to the need to have the universities study themselves. He said there was a need to look at the Board operations, the Board Office staff operations including the impact of Mr. Richey's retirement in two years, and the reporting procedures between the Board and the staff. He said all of those issues were discussed at great length by the oversight committee members. He questioned whether providing all Regents with a copy of the response of MGT to the RFP might help somewhat with everyone's understanding of the issues.

VOTE ON THE MOTION: The motion carried with Regents Dorr and Pellett voting "no".

EXECUTIVE SESSION. President Newlin requested the Board enter into closed session to consider a request from an employee whose performance was being considered as provided by the Code of Iowa section 21.5(1)(i).

MOTION: Regent Kennedy moved to enter into closed session. Regent Tyrrell seconded the motion, and upon the roll being called, the following voted:
AYE: Dorr, Kennedy, Lande, Mahood, Newlin, Pellett, Smith, Tyrrell.
NAY: None.
ABSENT: None.

MOTION CARRIED UNANIMOUSLY.

The Board having voted at least two-thirds majority resolved to meet in closed session beginning at 9:37 a.m. on Thursday, July 18, 1996, and recessing therefrom at 10:40 a.m. on that same date.

SETTING OF SALARIES OF INSTITUTIONAL HEADS.

President Newlin asked for a motion to establish salaries of the institutional heads for FY 1997.

MOTION: Regent Smith moved that salaries for the institutional heads be established at the following amounts effective July 1, 1996: Mary Sue Coleman, President, University of Iowa, at \$198,000; Martin C. Jischke, President, Iowa State University, at \$198,000; Robert Koob, President, University of Northern Iowa, at \$156,000; William P. Johnson, Superintendent, Iowa School for the Deaf, at \$79,560; and Dennis Thurman, Superintendent, Iowa Braille and Sight Saving School, at \$79,560. Regent Kennedy seconded the motion. MOTION CARRIED WITH REGENT DORR VOTING "NO".

President Newlin stated that the next item of business was not listed on the docket. He asked that the Board consider the following agreement between Martin C. Jischke and the Iowa Board of Regents:

In recognition of Martin C. Jischke's five years of outstanding service to Iowa State University and the desire of both the Iowa Board of Regents and President Jischke to continue the excellent relationship, the Board and President Jischke have agreed that it is in their mutual interests that this Agreement be entered into. To this end, it is agreed that:

1. Martin C. Jischke will continue to serve as President of Iowa State University, at the pleasure of the Board of Regents. For the five year period beginning July 1, 1996, he will receive an annual salary not less than \$198,000 along with associated benefits unless the terms and conditions of paragraphs 2 and 3 apply. Adjustments in salary during the five year period will be made annually at the discretion of the Board of Regents.

2. At the time that Martin Jischke steps down as President, he will be given the title of President Emeritus if employed by Iowa State University, and he will be given an opportunity for reorientation to his discipline with full pay as provided by Board policy (See Section 4.12, Board of Regents Procedural Guide) preparatory to a return to faculty status. Until he retires from Iowa State University, Jischke will be provided a suitable office, secretarial services, and expense budget. He will be permitted to consult for compensation.

3. If Martin Jischke is no longer serving as President, but remains in the employ of Iowa State University, his salary until retirement will be set at no less than three-fourths of his salary in his final year as President and it will be adjusted annually, assuming satisfactory performance, with the same percentage increase as awarded the faculty on average.

MOTION: Regent Kennedy moved to approve the agreement with Martin C. Jischke. Regent Mahood seconded the motion.

Regent Dorr stated that he had no objection to the Board's desire to reward President Jischke for his performance with a five-year employment agreement. He said he opposed the agreement because paragraphs 2. and 3. essentially memorialize what is already in existence. He expressed concern about the precedent that would be set.

VOTE ON THE MOTION: The motion carried with Regents Dorr and Tyrrell voting "no".

APPROVAL OF DETAILED OPERATING BUDGETS FOR FISCAL YEAR 1997. The Board Office recommended the Board approve the FY 1997 final detailed operating budgets for the Regent institutions, as recommended.

The FY 1997 operating budgets, which were initially considered by the Board in May, reflected the Board and institutional strategic plans, institutional programs as approved by the Board, policy established in the Board's budget request to the Governor and General Assembly, tuition policy as approved by the Board last October, and salary policy.

The allocation of appropriations for salary increases for FY 1997 as recommended by the Department of Management total \$17.9 million, which represented a \$4.3 million shortfall from the anticipated need of \$22.2 million. Because the Department of Management asserts that \$4.1 million of the shortfall will be made up from the utilization of health insurance reserves and from savings realized from claims review and mental health

managed care, it was reflected in the final operating budgets as anticipated receipts to be realized from health insurance rebates or supplemental appropriation.

The final budgets submitted by the institutions reflected specific salaries for each staff member; allocated funding to colleges, academic departments, support and administrative units; and included restricted funds.

The final FY 1997 all funds operating budgets for the five Regent institutions total \$2.1 billion, an increase of 5.4 percent over the revised FY 1996 budgets, and include expenditures for operations, debt service and capital improvements.

FY 1997 Final All Funds Budgets

Resources

Appropriations	
General/Other	\$ 582,916,612
Capital	51,000,000
Tuition Replacement	27,584,426
Federal Support	220,488,737
Interest	40,019,643
Tuition and Fees	229,089,618
Reimbursed Indirect Costs	47,005,227
Sales and Service	510,374,365
Other	345,026,567
Total Resource Budget	<u>\$2,053,505,195</u>

Expenditures

Salaries	1,152,201,375
Supplies	434,606,346
Utilities	61,562,668
Building Repairs	35,661,578
Equipment	47,975,241
Aid to Individuals	90,345,927
Other	25,573,229
Debt Service	66,618,594
Plant Capital	138,960,237
Total Expenditures	<u>\$2,053,505,195</u>

The final FY 1997 general fund operating budgets total \$1.2 billion for FY 1997, an increase of 3.3 percent over the revised FY 1996 budgets. The final FY 1997 general fund operating budgets are \$793,432 higher than the preliminary budgets presented to the Board in June

FY 1997 state operating appropriations for the five Regent institutions, excluding tuition replacement, total \$582.2 million, an increase of 4.9 percent over FY 1996; based on appropriation of \$577.9 million and health insurance rebate/supplemental appropriation of \$4.3 million.

State appropriation funding as approved by the legislature was at the same level as recommended by the Governor for the University of Iowa and Iowa State University, while state appropriations for the University of Northern Iowa, the Iowa School for the Deaf and the Iowa Braille and Sight Saving School were above the Governor's recommendation.

The general operating funds were distributed among the institutions as follows:

University of Iowa	\$ 751,442,840
Iowa State University	328,579,852
University of Northern Iowa	107,073,500
Iowa School for the Deaf	7,293,911
Iowa Braille and Sight Saving School	<u>4,172,108</u>
TOTAL	\$1,198,562,211

The FY 1997 budgets include \$13.5 million for strategic planning initiatives of the University of Iowa; \$10.0 million for Iowa State University, and \$7.1 million for the University of Northern Iowa, which will be funded through increased state appropriations, reallocations and other new revenues.

Increased state appropriations will be utilized for the following purposes at the Regent institutions:

GENERAL
July 18, 1996

		<u>Governor's Recommendation</u>	<u>Legislative Action</u>	
<u>All Institutions</u>				
	Salary Annualization	\$ 953,260	\$ 953,260	
	Library Inflation	1,119,511	1,119,511	
SUI	Undergraduate Education	\$ 250,000	\$ 250,000	
	Opening New Buildings	250,000	0	
	Educational Computing	0	250,000	
	Supplemental Financial Aid	350,000	350,000	
	Bioscience Initiative	<u>500,000</u>	<u>500,000</u>	
	Total SUI	\$1,350,000	\$1,350,000	
ISU	Undergraduate Education	\$ 250,000	\$ 350,000	
	Healthy Livestock for Iowa	700,000	700,000	
	Pork and Beef Industry Centers	200,000	200,000	
	Community Development	<u>100,000</u>	<u>0</u>	
	Total ISU	\$1,250,000	\$1,250,000	
UNI	Undergraduate Education	\$ 250,000	\$ 421,845	
	Center for Educational Technology	500,000	500,000	*
	Criminal Justice Program	<u>0</u>	<u>175,000</u>	
	Total UNI	\$ 750,000	\$1,096,845	
ISD	Building Repairs	0	\$ 25,000	
	Technology Improvements	<u>0</u>	<u>60,000</u>	
	Total ISD	0	\$ 85,000	
IBSSS	Building Repairs	0	\$ 25,000	
	Technology Improvements	<u>0</u>	<u>60,000</u>	
	Total IBSSS	0	\$ 85,000	

* \$328,155 of this appropriation is considered general university funds.

Officials of the University of Iowa, Iowa State University, and the University of Northern Iowa have identified \$8.1 million, \$6.6 million and \$7.1 million in reallocations, respectively, which will be used to fund strategic planning initiatives and mandatory cost increases. Officials of the Iowa School for the Deaf and the Iowa Braille and Sight Saving School have identified \$223,991 and \$212,991 in reallocations, respectively.

Tuition and fee revenues for FY 1997 are 2.7 percent higher than the revised FY 1996 budget, based on the rate increase approved by the Board last fall and fall 1996 enrollment projections.

Total salary expenditures are expected to grow 2.6 percent over the FY 1996 revised budget. The salary increases are offset by salary cost reductions of \$9 million in the Statewide Health Services budget units resulting from budget savings identified through operational benchmarking and restructuring.

Health insurance costs will increase for employees covered by the state health insurance plans; no state funding is to be provided for this cost.

Library collections were augmented by the \$1.1 million (8.6 percent increase) in state appropriation funding to help offset inflationary increases for library materials at the Regent institutions.

Aid to students will grow \$2.1 million (6.2 percent) as a result of the tuition rate increase approved by the Board last fall.

FY 1997 state appropriations for tuition replacement of \$26,984,350 plus \$600,076 estimated carryforward from FY 1996 represents the \$27,584,426 currently estimated for full coverage of debt services for Academic Revenue Bonds in FY 1997.

State appropriations for Regional Study Centers of \$339,596 include \$6,651 in additional appropriations for salaries.

The final FY 1997 budget for Lakeside Laboratory is \$451,541.

Regent Pellett asked for an interpretation of the statement "Aid to students will grow \$2.1 million (6.2 percent) as a result of the tuition rate increase approved by the Board last fall." Mr. Richey responded that institutional officials are following carefully the policy approved by the Board last October when it approved the tuition rate increases. The student aid portion of the general fund was being maintained at the same rate as before the tuition increase in order to maintain the purchasing power of student aid.

Regent Dorr pointed out that these were very handsome budgets. He commended institutional officials for their efforts toward reallocation. He noted that the total increase of 5.4 percent was two times the Consumer Price Index for the last year.

With respect to the salary shortfall of \$4.3 million for all institutions for FY 1997, Mr. Richey stated that institutional officials were directed to show that on a revenue line entitled "health insurance rebates or supplemental appropriations". He said there has been clear communication to the office of the Governor and to the Department of Management of the Regents' intent to request a supplemental appropriation for any of the shortfall that is not made up in health insurance rebates. He noted that the Regents' total general fund expenditure for all employees in the state's health insurance plans was \$8.6 million and the cut was \$4.3 million based on a prorated reduction of the total shortfall for the state. The allocations to the Regents when the rebates come in will be proportional to the share of the pro rata reduction rather than the actual rebates. He said the director of the Department of Management has asserted on several

occasions her commitment to achieving the rebates and allocating them to the institutions.

Mr. Richey stated that in addition to the salary shortfall there are health insurance rate increases both in the state plans and some of the institutional plans for which no additional state money was provided. Rate increases for health insurance must be financed by reallocation. He said that in the subsequent docket item concerning the preliminary request for funds for FY 1998 and FY 1999 the Board Office assumed in the base appropriation that the \$4+ million for the salary shortfall is restored to the base budgets.

(a) University of Iowa. The Board Office recommended the Board approve the FY 1997 final all funds budget for the University of Iowa in the amount of \$1,196,412,870.

The final FY 1997 all funds operating budget for the University of Iowa of \$1,196,412,870 was 4.2 percent greater than the revised FY 1996 budget.

The final FY 1997 general fund operating budget for the University of Iowa of \$751,442,840 was 3.2 percent greater than the revised FY 1996 budget. The general fund operating budgets for all units except the general university remained the same as presented to the Board in May and June.

The following summarizes the changes to the general university operating budget from the FY 1997 budget previously presented to the Board:

Tuition and fee revenue was reduced by \$700,000 to reflect the most current information regarding fall 1996 enrollment and the resident/nonresident mix. The size of the freshman class is expected to be approximately the same in fall 1996 as it was in fall 1995; however, the percentage of non-residents may drop by 3 percent from 38 percent in FY 1996 to 35 percent in FY 1997.

Indirect cost reimbursements were increased by \$1 million; this increase was based on the latest information on the amount and timing of new awards coupled with the fact that the indirect cost rate will be increased from 46 percent in FY 1996 to 47 percent in FY 1997.

The net increase in budgeted revenues of \$300,000 was applied to the following initiatives:

Bridging for Grants and Contracts	\$ 60,000	
Training	100,000	
Building Renewal	52,000	
Computing Resources	200,000	
Student Aid	<u>(112,000)</u>	1
Total	\$300,000	

¹The university increases each year its student aid budget in proportion to increases in tuition. The reduction in student aid reflects the projected reduction in tuition revenue.

The FY 1997 general fund operating budgets by budget unit were as follows:

General University	\$339,581,864
University Hospital	372,838,000
Psychiatric Hospital	16,204,300
Hospital School	7,824,700
Oakdale Campus	3,808,687
Hygienic Laboratory	5,468,000
Family Practice	2,166,433
SCHS	723,300
Special Purpose	<u>2,827,556</u>
Total	\$751,442,840

The FY 1997 state appropriation of \$267,991,608 was 4.8 percent greater than FY 1996; total FY 1997 incremental funding was at the same level as recommended by the Governor.

Salary increases will be allocated as follows:

- Salary increases for faculty average 4 percent (including promotional and equity increases); increases will be granted based on the quality of teaching, research and scholarship, and service.
- Salary increases for clinical faculty in the College of Medicine were based on the Board policy approved in September 1994; increases for the clinical services component are fully derived from earnings in the College of Medicine Faculty Practice Plan (FPP). For FY 1997 it was expected that FPP revenue would grow insufficiently to support 4 percent salary funding and that the average increase for the clinical component of the salary increase for faculty clinicians will therefore be less than 4 percent.

- Salary increases for professional & scientific staff averaged 4 percent and were based on merit and equity; the university continues its program to eliminate salary compression.
- These salary guidelines will apply regardless of source of funding, except for health care professionals employed by UIHC; UIHC officials proposed to provide an average increase of 3.1 percent for FY 1997.
- In recent years, UIHC health care professionals, especially nurses, have received average annual salary increases which exceeded those paid to other university P&S (7.0 percent vs. 4.0 percent) for a seven-year period. This differential and the desire to limit the number of staff positions which must be eliminated to reduce expenditures by \$65 million over four years (part of UIHC's operational plan from FY 1997 through FY 2000) have been taken into consideration in developing the average recommended increase.
- Providing an average increase of 3.1 percent rather than 4 percent will save approximately \$1.0 million in FY 1997.
- Salary increases for merit staff covered by collective bargaining and supervisory merit staff include a 2.5 percent increase on July 1, 1996 and merit step increases for those eligible; those employees working more than 32 hours per week and not receiving a step increase will receive a \$300 bonus at the end of November, 1996.

President Coleman reviewed the University of Iowa's final budget. She stated that \$8.1 million of reallocation had been accomplished. She said university officials anticipated a net increase of \$1 million in indirect cost recovery but also anticipated a drop in tuition revenue, for a total increase in revenue of \$300,000 which would be directed toward areas that had been built into the strategic plan. In terms of the salary policy, she said the average increase was 4 percent. If the university does not receive the additional revenues to fund salary increases, a \$1.7 million general fund deficit or \$2 million overall deficit will be experienced. If the funding is not received, university officials will have to make additional cuts in the university to make up the shortfall. She said university officials will look across the entire university to make up the shortfall. She said the Regents should not expect that to happen at the end of the year; the amount of funding to be provided for salary increases should be known fairly soon. She said she pointed that out as a caution to the Regents.

MOTION: Regent Smith moved to approve the FY 1997 final all funds budget for the University of Iowa in the amount of \$1,196,412,870. Regent Kennedy seconded the motion. MOTION CARRIED UNANIMOUSLY.

(b) Iowa State University. The Board Office recommended the Board approve the final FY 1997 operating budget for Iowa State University in the amount of \$662,806,956.

The final FY 1997 all funds operating budget for Iowa State University was \$662,806,956, a 4.7 percent increase over the FY 1996 revised budget.

The final FY 1997 general fund operating budget for Iowa State University of \$328,579,852 was 3.0 percent greater than the FY 1996 revised budget. The final FY 1997 general fund operating budget was \$483,482 higher than the preliminary budget approved by the Board in June.

A new one-time appropriation (with a carry-forward provision to FY 1998) of \$400,000 from the Organic Nutrient Management Fund will assist the university in support of odor control research directed toward applications in animal feeding operations. Space rental expense and associated indirect cost reimbursement revenues were increased by \$83,482 to reflect refined projections. Other minor adjustments were made based upon further analysis of revenue and expenditure projections.

The FY 1997 state appropriation of \$227,633,427 represented an increase of \$10.8 million (5.0 percent) over the FY 1996 revised budget. Total FY 1997 incremental state operating appropriations were at the same level as recommended by the Governor.

The negotiated contract for general services staff provided for a 2.5 percent increase July 1, 1996, and merit step increases for those eligible. General services employees on Step 8 as of December 1996 and not receiving a step increase will receive a one-time cash payment of \$300; part-time employees (less than 32 hours per week) will receive \$150. Other Regent merit employees not covered by the contract will be treated similarly.

Salary increases for continuing faculty and professional and scientific staff will be based on performance and were estimated to average 2.9 percent, owing to the impact of reduced salary adjustment appropriations.

Unlike previous years, Iowa State University did not receive salary adjustments in FY 1997 for salaries that correspond to federal funds and indirect costs, which represented a reduction of \$597,789. This reduction will affect general university, the Agriculture

Experiment Station (IAHEES), and the Cooperative Extension Service (CES), with the impact on CES being the most severe.

University officials proposed to spread 50 percent of the reductions across all general fund budget units, and accommodate the balance through internal reallocations, thus spreading the impact on salaries and salary-driven benefits uniformly across all areas of the university. University officials are holding in reserve a supplemental appropriation/health insurance rebate of \$1,692,184 until appropriations are realized; this equates to an additional .9 percent in salary increases.

In total, the FY 1997 revenue increases, internal reallocations, and endowment earnings total \$19.2 million available for allocation.

The new revenues and reallocations will be used for salary expenditures, mandatory cost increases, and strategic planning initiatives.

University officials proposed internal reallocations totaling \$6.6 million (2.0 percent of the general operating budget) to fund strategic planning initiatives and the above-mentioned reductions in salary adjustment appropriations related to federal funding and indirect cost recovery.

President Jischke stated that the information had not changed from what was submitted last month. University officials were reallocating roughly 2 percent of the budget. Total new resources were \$19 million, \$9 million of which were earmarked for salary increases. He said mandatory cost increases were the lowest since he has been president which speaks well of the university personnel, especially those in business and finance. President Jischke stated that roughly \$10 million in new revenues and reallocations were being invested in strategic planning initiatives.

With regard to compensation increases, President Jischke said the funds allocated by the state for compensation increases were the main source of funds; university officials had not directed reallocated funds to salary increases. The funds appropriated will lead to a 3.2 percent overall increase in compensation. Because health care costs will increase, the average aggregate compensation increase will be 2.9 percent for faculty and professional and scientific staff. He stated that the \$1.7 million supplemental appropriation or health insurance rebate funds had not been allocated. University officials have pledged that as soon as those funds are available they will be distributed for compensation across the university. He said there has been widespread consultation with faculty and staff to inform them that university officials would not reallocate to increase the amount of salary funds. It is wiser from the university-wide perspective and the ability to carry out its educational mission to spend only what is given to the university. University officials hope the \$1.7 million will, in fact, materialize

because the university is a party to the contract that the state signs with the merit employees through AFSCME. He said those merit employees have received an approximate 4 percent compensation package; the rest of the university has not, which he said was unfortunate.

President Jischke stated that it was his sincere hope that the \$1.7 million would be funded because it was part of achieving equity among all of the employees in the university, all of whom work very hard and are absolutely essential to the success of the university.

MOTION: Regent Smith moved to approve the final FY 1997 operating budget for Iowa State University in the amount of \$662,806,956. Regent Kennedy seconded the motion. MOTION CARRIED UNANIMOUSLY.

(c) University of Northern Iowa. The Board Office recommended the Board approve the final FY 1997 operating budget for the University of Northern Iowa in the amount of \$182,013,480.

The final FY 1997 all funds operating budget for University of Northern Iowa was \$182,013,480, a 13.4 percent increase over the FY 1996 revised budget; this increase was primarily due to restricted fund revenues which more accurately reflect current and projected levels.

Approximately \$7.1 million of internal reallocations (6.6 percent of the general operating budget) have been developed toward achievement of the university's primary mission and strategic planning objectives.

The final FY 1997 general fund operating budget was \$107,073,500, a 4.8 percent increase over the FY 1996 revised budget. The final FY 1997 general fund operating budget was unchanged in total from the preliminary budget approved by the Board in June; adjustments within budget expenditure categories reflect further analysis by the operating units.

The FY 1997 state appropriation of \$76,105,009 represented a \$4,271,238 increase (5.9 percent) over the FY 1996 revised budget.

President Koob reviewed the final budget with the Regents, and expressed appreciation for their support of the University of Northern Iowa.

MOTION: Regent Smith moved to approve the final FY 1997 operating budget for the University of Northern Iowa in the amount of \$182,013,480. Regent Kennedy seconded the motion. MOTION CARRIED UNANIMOUSLY.

(d) Iowa School for the Deaf. The Board Office recommended the Board (1) approve the final FY 1997 operating budget for the Iowa School for the Deaf in the amount of \$7,396,751 and (2) authorize Iowa School for the Deaf to fill the new technology position included in the school's Preliminary Plan for Technology.

The final FY 1997 all funds operating budget for the Iowa School for the Deaf was \$7,396,751, an increase of \$242,102 (3.4 percent) over the FY 1996 revised budget.

The final FY 1997 general fund operating budget was \$7,293,911, a 4.5 percent increase over the FY 1996 revised budget. The final FY 1997 general fund operating budget was unchanged in total from the preliminary budget approved by the Board in June; adjustments based upon further revenue/expenditure review and movement of employees from general services to professional and scientific classifications were reflected.

The FY 1997 state appropriation of \$6,975,448 represented a \$305,351 increase (4.6 percent) over the FY 1996 revised budget.

Superintendent Johnson reviewed the final budget with the Regents, noting that two priorities were technology and literacy. He said the combination of those two can make tremendous gains with students who have a most difficult time developing language.

MOTION: Regent Smith moved to (1) approve the final FY 1997 operating budget for the Iowa School for the Deaf in the amount of \$7,396,751 and (2) authorize Iowa School for the Deaf to fill the new technology position included in the school's Preliminary Plan for Technology. Regent Kennedy seconded the motion. MOTION CARRIED UNANIMOUSLY.

(e) Iowa Braille and Sight Saving School. The Board Office recommended the Board (1) approve the final FY 1997 operating budget for the Iowa Braille and Sight Saving School in the amount of \$4,875,138 and (2) authorize Iowa Braille and Sight Saving School to fill the new technology teacher position included in the school's Preliminary Plan for Technology.

The final FY 1997 all funds operating budget for the Iowa Braille and Sight Saving School was \$4,875,138, an increase of \$335,566 (7.4 percent) over the FY 1996 revised budget.

The final FY 1996 general fund operating budget was \$4,172,108, a 4.3 percent increase over the FY 1996 revised budget. The final FY 1997 general fund operating budget was \$9,950 higher than the preliminary budget approved by the Board in June; the slight increase was based upon refined revenue projections, the major portion being increased sales and services revenue associated with new administrative overhead billings, which are primarily allocated to services and supplies expenses.

The FY 1997 state appropriation of \$3,916,520 represented a \$213,454 increase (5.8 percent) over the FY 1996 revised budget.

Superintendent Thurman reviewed the final operating budget with the Regents. He expressed appreciation to the General Assembly for the \$60,000 appropriation to support technology at the Iowa Braille and Sight Saving School. He discussed the extensive reallocation that had taken place, noting that funds had been reallocated to support direct services to students.

MOTION: Regent Smith moved to (1) approve the final FY 1997 operating budget for the Iowa Braille and Sight Saving School in the amount of \$4,875,138 and (2) authorize Iowa Braille and Sight Saving School to fill the new technology teacher position included in the school's Preliminary Plan for Technology. Regent Kennedy seconded the motion. MOTION CARRIED UNANIMOUSLY.

(f) Regional Study Centers. The Board Office recommended the Board (1) approve the distribution of the Quad-Cities Graduate Study Center's FY 1997 appropriation of \$157,494 including salary increase funds; (2) approve the distribution of the Tri-State Graduate Study Center's FY 1997 appropriation of \$76,356 including salary increase funds; (3) approve the distribution of the Southwest Iowa Regents Resource Center's FY 1997 appropriation of \$105,746 including salary increase funds; and (4) approve the final FY 1997 operating budgets for the Quad-Cities Graduate Study Center (\$335,200), Tri-State Graduate Study Center (\$123,878) and Southwest Iowa Regents Resource Center (\$106,109).

The FY 1997 Iowa educational appropriations for the study centers total \$332,945; in addition, salary appropriations of \$6,651 were allocated to the centers.

	<u>FY 1996</u>	<u>FY 1997 Ed. App.</u>	<u>FY 1997 Salary</u>	<u>Total FY 1997</u>
Quad-Cities Graduate Study Center	\$154,278	\$154,278	\$3,216	\$157,494
Tri-State Graduate Study Center	74,511	74,511	1,845	76,356
Southwest Iowa Regents Resource Center	<u>73,538</u>	<u>104,156</u>	<u>1,590</u>	<u>105,746</u>
TOTAL	\$302,327	\$332,945	\$6,651	\$339,596

The salary allocation was \$1,521 less than the amount needed to fund a 4 percent salary increase; additional funds will be needed to make up for this shortfall.

The budgets for the Quad-Cities Graduate Study Center and the Tri-State Graduate Study Center included other funds in addition to moneys appropriated by the State of Iowa.

Mr. Richey stated that the final budgets of the centers were as proposed in May and June with the inclusion of the salary funds as distributed by the Department of Management. He said the budgets were essentially constant other than that of the Southwest Iowa Regents Resource Center for which the Board Office requested \$20,000 to develop a small computer laboratory and \$10,000 for the staffing of the coordinator. Those funds were provided by the Governor and General Assembly.

MOTION:

Regent Smith moved to (1) approve the distribution of the Quad-Cities Graduate Study Center's FY 1997 appropriation of \$157,494 including salary increase funds; (2) approve the distribution of the Tri-State Graduate Study Center's FY 1997 appropriation of \$76,356 including salary increase funds; (3) approve the distribution of the Southwest Iowa Regents Resource Center's FY 1997 appropriation of \$105,746 including salary increase funds; and (4) approve the final FY 1997 operating budgets for the Quad-Cities Graduate Study Center (\$335,200), Tri-State Graduate Study Center (\$123,878) and Southwest Iowa Regents Resource Center (\$106,109). Regent Kennedy seconded the motion. MOTION CARRIED UNANIMOUSLY.

(g) Lakeside Laboratory. The Board Office recommended the Board approve the FY 1997 final operating budget of \$451,541 for the Iowa Lakeside Laboratory, including \$374,781 in general funds, subject to final salary adjustments, as follows:

University of Iowa	\$182,086
Iowa State University	122,653
University of Northern Iowa	<u>70,042</u>
Total	\$374,781

The FY 1997 final operating budget of \$451,541 included general funds of \$374,781 and room and board revenue and expenses estimated at \$76,760.

This budget was \$70,000 more than the budget presented in June. The General Assembly appropriated \$70,000 from excess lottery revenues for infrastructure improvements at the laboratory; this appropriation was line-item vetoed by the Governor.

The major infrastructure problem at the laboratory is the need to repair the sewer line; the line freezes in the winter creating environmental and health hazards. To correct this problem in FY 1997, it was recommended that a one-time allocation of the \$70,000 needed to repair the sewer line be split among the three universities in the following manner:

SUI	\$30,000
ISU	30,000
UNI	<u>10,000</u>
Total	\$70,000

Regent Dorr asked that the Regents keep in mind as they authorize new program funding that the Lakeside Laboratory had a tremendous amount of political support for its programming but otherwise support had been anecdotal. There was a pretty firm commitment that the Board of Regents maintain funding at \$150,000 annually; that amount has more than doubled in five years which he said was indicative of how these budgets grow. He cautioned the Board that at some point this kind of growth will not be able to be sustained which at some point will create real difficulty.

Professor Van der Valk addressed Regent Dorr's concerns regarding what appeared to be rapid inflation of the Lakeside Laboratory, and stated that he believed the numbers were being misread. He said the \$70,000 was a one-time emergency appropriation to repair a very serious problem in the sewer system. It was not a permanent increase in the base budget.

Regent Dorr stated that his general point was that he had not detected a great deal of institutional support for the Lakeside Laboratory. He said he was not suggesting that the laboratory does not have some valid purpose; however, if the citizens in the Lakes

area want to sustain this facility it may be appropriate for the Board to take a serious look at how to turn it over to the local area education agency, community college or K-12 agencies to develop the programs they think are essential for that facility. He said that in 1992 or 1993 the annual budget of Lakeside Laboratory was \$100,000 or \$125,000 and had grown to \$375,000 currently. Due to the community interest in continuing education for K-12 programs and many other activities, he felt it should be the community's responsibility to fund such programs. It should not be the ongoing responsibility of the Regent institutions to reallocate moneys to support the laboratory. He said this was a classic example of something that has tremendous political support in the lakes community. Many people in the area have pushed very hard for this project. If they want it there they ought to be allowed to have it there but he was not sure it was the Regents' responsibility to provide the continual funding.

President Newlin stated that beginning July 1, 1994, the Board of Regents committed to a three-year plan to revitalize Lakeside Laboratory, which was what they were operating under. He assumed that would continue.

Professor Van der valk stated that he believed the figures Regent Dorr used were incorrect. He said that when he took over as director of the laboratory he looked through all the information that he could find about what had actually been spent in supporting Iowa Lakeside Laboratory. He also went through an exercise of zero budgeting to determine what it would cost to operate the laboratory. The determination was made that it would cost about \$300,000 which was the amount of money the Regents committed for this 3-year probationary period. He did not think any inflation of the kind Regent Dorr was suggesting had taken place over the last 5 years. Secondly, none of the programs or activities that were proposed for K-12 students were being paid by Regents money. He said that one of the goals set by the Regents in 1994 was to make the laboratory more fiscally self supporting. Laboratory officials will try to involve the universities more in programs at Lakeside Laboratory during the academic year. However, the short visits to the laboratory; i.e., for K-12 students, bring in revenue which was the main reason it was being done. Sponsoring those types of activities increases the revenue flow into the laboratory for maintenance of buildings and structures. He concluded by stating that the whole idea was to reduce the resources needed from the universities, not to increase them.

President Newlin expressed the Board's appreciation to Professor Van der valk for the work he has done to increase the enrollment and improve the operations at Lakeside Laboratory.

MOTION: Regent Smith moved to approve the FY 1997 final operating budget of \$451,541 for the Iowa Lakeside Laboratory, including \$374,781 in

general funds, subject to final salary adjustments, as presented. Regent Kennedy seconded the motion. MOTION CARRIED UNANIMOUSLY.

(h) Revised Board Office Budget for Fiscal Year 1997. The Board Office recommended the Board approve the budget of the Board Office in the total amount of \$1,496,254 of which \$1,349,234 is in the general office account.

The Board approved at its June meeting a preliminary general office budget of \$1,343,234 for fiscal year 1997. The revised final budget for the general office was \$1,349,234, a net increase of \$6,000. The changes since the June meeting included an increase of salary of the Executive Director by Governor Branstad, an increase in the time to be worked by the Associate Director of Human Resources/Affirmative Action Officer because of the vacancy in the Human Resource Director position, and a revenue shortfall of \$7,649 in salary adjustment funds.

The shortfall in salary adjustment funds is offset by health insurance rebates from the state or a supplemental appropriation.

The salary of the Executive Director is established by the Governor within the salary range established by statute. The salary for fiscal year 1997 is set at \$108,700 plus fringe benefits.

The amount budgeted for the Associate Director of Human Resources is \$43,000 in order to have sufficient coverage of the Human Resources unit during the vacancy of the position of the Director of Human Resources. It is expected that the increased amount will largely be offset by additional salary savings.

The proposed budgets that are contained in the University of Iowa accounts and financed jointly by the Regent institutions were unchanged from those presented to the Board in June.

Regent Dorr stated that for the last three years the Board of Regents' travel budget has been off from the original estimate pretty consistently and fairly dramatically. He suggested that the Board Office determine what makes it impossible to either get a good handle on the budget or to determine a realistic figure in the first place. Two years ago the figure was completely understated and had to be increased. The same problem occurred this year. He acknowledged that the Board travel figure was revised upward for next year but said there was obviously more travel taking place than originally budgeted.

Mr. Richey responded that presidential searches accounted for some of the difference as well as additional air travel for meetings associated with the Board of Regents including organizational audits. He acknowledged that the Board Office had been conservative in budgeting for Board travel which has consistently exceeded the budget. He noted that the Board has also been more active with some of the institutional functions which properly are attributable to the institutional budgets; however, by law those costs must be shown in the Board Office budget and be reimbursed by the institutions. There is a whole host of issues related to the level of travel of Board members. In addition, travel expenses will be higher next year because while Mr. Pomerantz was on the Board of Regents he furnished his own air travel on several occasions and he also did not claim any expenses for travel or per diem.

Regent Dorr noted that there would be some aggressive committee work taking place in the new fiscal year and suggested they consider over budgeting and then scaling back, if necessary, rather than under budgeting and having to subsequently increase the travel expense line item.

Mr. Richey said that was an alternative. He noted that the Board Office provides the Board with at least quarterly reports on travel expenses and other budget items. The Board Office budget will be reviewed at mid-year if not earlier and the Board could be provided with a report on that specific item.

MOTION: Regent Smith moved to approve the budget of the Board Office in the total amount of \$1,496,254 of which \$1,349,234 is in the general office account. Regent Kennedy seconded the motion. MOTION CARRIED UNANIMOUSLY.

OPERATING APPROPRIATION REQUESTS FOR FISCAL YEARS 1998 AND 1999.

The Board Office recommended the Board receive reports on the FY 1998 and FY 1999 general fund operating budget requests of the Regent institutions and preliminary Board Office recommendations.

The request included \$621.0 million in total state appropriations for operations for FY 1998, an increase of 6.7 percent over FY 1997 operating appropriations of \$582.1 million; the FY 1997 appropriation figure was exclusive of the \$27.6 million estimated for tuition replacement requirements for FY 1997.

The primary emphases of the requests were:

- maintaining the purchasing power of the institutions through price inflation;

- adequate building repair funding;
- undergraduate education;
- strengthening research and other creative work;
- improving access by all lowans to Regent universities;
- improving the facilities, equipment and operating budgets basic to strong programs of teaching and research; and
- improving the flexibility, efficiency and accountability of governance of Regent institutions.

Regent institutional officials requested total general fund operating budgets (exclusive of salary increases) of \$1.24 billion for FY 1998, and \$1.25 billion for FY 1999.

The preliminary Board Office recommendation for FY 1998 state appropriations for the five Regent institutions was \$593.8 million, an increase of 2.0 percent over FY 1997; and \$602.9 million for FY 1999, an increase of 1.5 percent over FY 1998.

The recommended amounts were exclusive of funds for Regent salary increases because salary policy will not be established until after collective bargaining agreements are concluded next spring.

Appropriation Requests for FY 1998

	<u>Request</u>	<u>% Increase</u>	<u>Recommendation</u>	<u>% Increase</u>
University of Iowa	\$288,039,527	7.5%	\$273,195,873	1.9%
Iowa State University	240,867,663	6.0%	231,787,641	2.0%
University of Northern Iowa	80,673,009	6.0%	77,866,337	2.3%
Iowa School for the Deaf	7,346,274	6.0%	7,029,160	1.4%
Iowa Braille and Sight Saving School	<u>4,105,306</u>	<u>6.0%</u>	<u>3,962,081</u>	<u>2.3%</u>
Totals	\$621,031,779	6.7%	\$593,841,092	2.0%

Appropriation Requests for FY 1999

	<u>Request</u>	<u>% Increase</u>	<u>Recommendation</u>	<u>% Increase</u>
University of Iowa	\$299,259,473	3.9%	\$276,849,065	1.3%
Iowa State University	255,087,763	5.9%	235,555,448	1.6%
University of Northern Iowa	85,211,009	5.6%	79,313,041	1.9%
Iowa School for the Deaf	7,787,051	6.0%	7,117,524	1.3%
Iowa Braille and Sight Saving School	<u>4,242,725</u>	<u>5.3%</u>	<u>4,042,976</u>	<u>2.0%</u>
Totals	\$651,588,021	4.9%	\$602,878,054	1.5%

Incremental appropriations for FY 1998 and FY 1999 as requested by the university and recommended by the Board Office are listed by purpose:

	FY 1998		FY 1999	
	<u>Request</u>	<u>Recommendation</u>	<u>Request</u>	<u>Recommendation</u>
Salary Annualization	\$ 945,495	\$ 800,495	\$ 0	\$ 0
Inflation	5,598,319	4,067,338	5,858,765	4,250,720
Building Repairs	4,288,153	3,001,071	3,378,153	2,724,981
Opening New Buildings	709,749	554,055	865,375	514,841
Improving Undergraduate Education	4,210,000	0	3,710,000	0
Child Care	210,000	0	210,000	0
Institutional Initiatives	<u>22,938,051</u>	<u>3,286,121</u>	<u>16,610,949</u>	<u>1,546,420</u>
Totals	\$38,899,767	\$11,709,080	\$30,633,242	\$9,036,962

Salary annualization funding of \$800,495 for FY 1998 was recommended to pay merit salaries increments and benefits for which commitments have already been made.

Inflation funding for goods and services was recommended at 2.0 percent for general expenses and utilities and 8.5 percent for libraries.

Building repair funding was recommended based on a 100-year building life phased in over a four-year period.

Opening new building funding was recommended for maintenance, cleaning, and utilities costs associated with the operation of new and remodeled facilities based on anticipated opening dates.

Proceeds from tuition rate increases to be set in the fall were recommended to fund the \$4.2 million requested in FY 1998 to fund improvements to undergraduate education and \$800,000 for libraries enhancements.

Requested funding for institutional initiatives in FY 1998 totaled \$22.9 million including increasing and maintaining diversity and primary health care (SUI), tuition assistance and reengineering engineering education (ISU), the Center of Excellence (UNI), technology and vocational education (ISD), and replacement of the accounting system and staff development activities (IBSSS).

The \$3.3 million recommended in FY 1998 for institutional initiatives includes instructional technology at the three universities, biosciences (SUI), instructional technology (SUI), National Advanced Driving Simulator (SUI), research capacity/ infrastructure (ISU), Iowa Pork and Beef Centers (ISU), and technology transfer (ISU).

The Board Office recommended that any program requests not recommended for funding through state appropriation increases or increased tuition rate proceeds shall be funded through reallocations.

The Board Office recommended that the Board undertake an intensive review of distance education and develop a strategic plan prior to making funding recommendations.

Appropriations requests submitted by the institutions were based on the Board of Regents goals and institutional strategic plans.

Projected revenue from sources other than state appropriations and UIHC sales and services revenues, including tuition revenues, were based on FY 1997 projections.

Final FY 1998 and FY 1999 recommendations will be submitted to the Board for approval in September. Preliminary recommendations of the Board Office will be revised based on Board comments and further review with the institutions.

FY 1998
Requested and Recommended Appropriation Increases — Regent Institutions

	FY 1998 <u>Request</u>	% <u>Increase</u>	FY 1998 <u>Recommendation</u>	% <u>Increase</u>
<u>University of Iowa</u>				
General University	\$13,113,400	6.2	\$ 4,391,631	2.1
University Hospitals	3,418,723	11.3	281,908	0.9
Psychiatric Hospital	74,390	1.0	41,148	0.6
Hospital School	306,200	5.0	79,773	1.3
Oakdale	304,900	10.3	47,895	1.6
Hygienic Laboratory	465,000	13.4	40,770	1.2
Family Practice	163,550	7.6	2,808	0.1
SCHS CA/HE	900	0.2	636	0.1
Special Purpose	<u>2,200,856</u>	<u>77.8</u>	<u>317,696</u>	<u>11.2</u>
Total	\$20,047,919	7.5	\$ 5,204,265	1.9
<u>Iowa State University</u>				
General University	\$12,466,783	7.4	\$ 3,662,954	2.2
Experiment Station	190,888	0.6	135,392	0.4
Cooperative Ext. Service	594,736	3.0	399,921	2.0
IPRT	341,210	8.1	328,477	7.8
Special Purpose	<u>40,619</u>	<u>1.7</u>	<u>27,470</u>	<u>1.1</u>
Total	\$13,634,236	6.0	\$ 4,554,214	2.0
University of Northern Iowa	\$ 4,568,000	6.0	\$ 1,761,328	2.3
Iowa School for the Deaf	\$ 415,826	6.0	\$ 98,712	1.4
Iowa Braille & Sight Saving	<u>\$ 233,786</u>	<u>6.0</u>	<u>\$ 90,561</u>	<u>2.3</u>
TOTAL INCREMENT	\$38,899,767	6.7	\$11,709,080	2.0

FY 1999
Requested and Recommended Appropriation Increases — Regent Institutions

	FY 1999 <u>Request</u>	% <u>Increase</u>	FY 1999 <u>Recommendation</u>	% <u>Increase</u>
<u>University of Iowa</u>				
General University	\$10,365,475	4.6	\$4,092,205	1.9
University Hospitals	739,228	2.2	237,557	0.8
Psychiatric Hospital	63,002	0.8	29,066	0.4
Hospital School	401,500	6.2	55,844	0.9
Oakdale	55,800	1.7	41,201	1.4
Hygienic Laboratory	148,000	3.8	21,440	0.6
Family Practice	2,300	0.1	1,541	0.1
SCHS CA/HE	800	0.2	536	0.1
Special Purpose	<u>(556,159)</u>	<u>(11.1)</u>	<u>(826,198)</u>	<u>(26.3)</u>
Total	\$11,219,946	3.9	\$ 3,653,192	1.3
<u>Iowa State University</u>				
General University	\$13,324,638	7.4	\$3,503,404	2.0
Experiment Station	174,734	0.5	116,539	0.4
Cooperative Ext. Service	139,945	0.7	93,739	0.5
IPRT	539,743	11.8	26,628	0.6
Special Purpose	<u>41,040</u>	<u>1.7</u>	<u>27,497</u>	<u>1.1</u>
Total	\$14,220,100	5.9	3,767,807	1.6
University of Northern Iowa	\$ 4,538,000	5.6	1,446,704	1.9
Iowa School for the Deaf	\$ 440,777	6.0	88,364	1.3
Iowa Braille & Sight Saving	\$ <u>214,419</u>	<u>5.3</u>	<u>80,895</u>	<u>2.0</u>
TOTAL INCREMENT	\$30,633,242	4.9	\$9,036,962	1.5

Salary Annualization

	FY 1998		FY 1999	
	<u>Request</u>	<u>Recommendation</u>	<u>Request</u>	<u>Recommendation</u>
University of Iowa	\$575,019	\$ 450,019	\$0	\$0
Iowa State University	238,940	238,940	0	0
University of Northern Iowa	110,000	90,000	0	0
Iowa School for the Deaf	11,420	11,420	0	0
Iowa Braille & Sight Saving	<u>10,116</u>	<u>10,116</u>	<u>0</u>	<u>0</u>
Total	\$945,495	\$800,495	\$0	\$0

The recommendations by the Board Office for salary annualization for FY 1998 reflected a preliminary assessment of the amounts needed to continue paying salaries and benefits for which commitments have already been made. The requests submitted by the institutions will be further reviewed and analyzed before final recommendations are made in September.

No recommendation was made for FY 1999 since salary increases to be set by collective bargaining agreements are not known.

Inflation

	FY 1998		FY 1999	
	<u>Request</u>	<u>Recommendation</u>	<u>Request</u>	<u>Recommendation</u>
University of Iowa	\$2,956,925	\$2,091,250	\$3,071,147	\$2,186,497
Iowa State University	1,964,058	1,479,219	2,083,210	1,546,456
University of Northern Iowa	612,000	453,328	637,000	472,704
Iowa School for the Deaf	42,486	28,569	43,809	29,641
Iowa Braille & Sight Saving	<u>22,850</u>	<u>14,972</u>	<u>23,599</u>	<u>15,422</u>
Total	\$5,598,319	\$4,067,338	\$5,858,765	\$4,250,720

The institutional appropriations requests reflected a general rate of price inflation of 3.0 percent for supplies, services, and equipment; this figure was based upon an analysis of the non-salary component of the Higher Education Price Index (HEPI) by Charles Whiteman, Director of the University Institute for Economic Research.

The institutional utilities cost increases were based on mandated, inflationary and consumption growth increases projected by each institution. The Board Office recommendation for general and utilities price inflation was 2.0 percent. The 2.0 percent recommendation was a conservative estimate as the costs of inflation are real.

Because the institutional budgets have received little or no inflationary adjustment except for libraries for the past 15 years, these unavoidable costs have been addressed through reallocations. It was anticipated that further reallocations will be required even with the 2.0 percent inflation increase requested for FY 1998 and FY 1999.

A conservative 8.5 percent price increase was requested for library acquisitions; the university librarians projected price increases of 14 percent for FY 1998 and 12 percent for FY 1999.

Building Repair

	FY 1998		FY 1999	
	<u>Request</u>	<u>Recommendatio</u> <u>n</u>	<u>Request</u>	<u>Recommendation</u>
University of Iowa	\$2,022,340	\$1,291,875	\$1,112,340	\$1,291,875
Iowa State University	1,699,128	1,150,000	1,699,128	873,910
University of Northern Iowa	488,000	435,000	488,000	435,000
Iowa School for the Deaf	52,865	58,723	52,865	58,723
Iowa Braille & Sight Saving	<u>25,820</u>	<u>65,473</u>	<u>25,820</u>	<u>65,473</u>
Total	\$4,288,153	\$3,001,071	\$3,378,153	\$2,724,981

The Board Office recommendation was based on a 100-year building life phased in over a four-year period. The building repair request from the operating budget must be reviewed in combination with the capital request for deferred maintenance and fire safety funding; since no requests or recommendations were made for capital funding in FY 1998 because of commitments made and support received for the large capital package (\$66.1 million) recommended by the Governor and authorized by the 1996 General Assembly, the FY 1998 operating budget funding for building repair must be substantially augmented to meet institutional needs.

The operating and capital funding requests for state appropriations will be utilized in combination with other sources, such as treasurer's temporary investment funds and internal reallocations to address fire safety and deferred maintenance needs.

Opening New Buildings

	FY 1998		FY 1999	
	<u>Request</u>	<u>Recommendation</u>	<u>Request</u>	<u>Recommend.</u>
University of Iowa				
Center for University Advance.	\$ 85,000	\$ 85,000	\$ 28,400	\$ 28,400
UIHC	<u>34,639</u>	<u>0</u>	<u>111,213</u>	<u>0</u>
Total - SUI	<u>\$119,639</u>	<u>\$ 85,000</u>	<u>\$139,613</u>	<u>\$ 28,400</u>
Iowa State University				
Administrative Services Facility	135,851	67,925	0	67,926
Library Storage Building	46,259	18,130	0	18,130
Palmer Human Dev/Fam Studies	0	0	22,944	22,944
Engineering Complex	0	0	146,728	132,000
Intensive Livestock Facilities	<u>0</u>	<u>0</u>	<u>268,090</u>	<u>106,441</u>
(Kildee)				
Total - ISU	\$182,110	\$ 86,055	\$437,762	\$347,441
University of Northern Iowa				
Wellness Recreation Center	408,000	383,000	0	0
Performing Arts Center	<u>0</u>	<u>0</u>	<u>288,000</u>	<u>139,000</u>
Total - UNI	<u>\$408,000</u>	<u>\$383,000</u>	<u>\$288,000</u>	<u>\$139,000</u>
Grand total	\$709,749	\$554,055	\$865,375	\$514,841

The Board Office recommendation for funding supports the need of the universities to secure adequate funding for the operation of new and remodeled facilities, including maintenance, cleaning, and utilities. The recommendation did not include any program funding. The only method of addressing these costs is through state appropriations.

The opening new buildings category historically has not been adequately funded, and the institutions have received complaints from legislators about the condition of campus buildings.

Undergraduate Education

	FY 1998		FY 1999	
	<u>Request</u>	<u>Recommendation</u>	<u>Request</u>	<u>Recommendation</u>
University of Iowa	\$2,010,000	\$0	\$1,510,000	\$0
Iowa State University	1,000,000	0	1,000,000	0
University of Northern Iowa	<u>1,200,000</u>	<u>0</u>	<u>1,200,000</u>	<u>0</u>
Total	\$4,210,000	\$0	\$3,710,000	\$0

One of the top priorities of the Board of Regents and the institutions is additional funds to meet the educational needs of undergraduates at Regent universities. The Board

Office recommended that the proceeds from the tuition rate increase to be set in the fall be utilized to provide additional funds for improving undergraduate education.

Funding requested by the University of Iowa will provide support for instructional technology, student retention, expansion of the university's honors program and international experiences for students. Iowa State University requested additional funds to improve the educational and instructional experience of undergraduate students. The University of Northern Iowa requested additional funds for its initiative "Enhancing Student Learning Environment", which is designed to increase retention through focusing attention to student's personal as well as academic needs and opportunities for more individualized instruction.

Child Care

	FY 1998		FY 1999	
	<u>Request</u>	<u>Recommendation</u>	<u>Request</u>	<u>Recommendation</u>
University of Iowa	\$ 60,000	\$0	\$ 60,000	\$0
Iowa State University	<u>150,000</u>	<u>0</u>	<u>150,000</u>	<u>0</u>
Total	\$210,000	\$0	\$210,000	\$0

Funding of \$60,000 for FY 1998 and FY 1999 was requested by the University of Iowa to expand the number of student families that can be served. Funding of \$60,000 for FY 1998 and FY 1999 was requested by Iowa State University to subsidize the child care center fees for students and lower-paid ISU staff.

Institutional Initiatives Requested and Recommended

	FY 1998		FY 1999	
	<u>Request</u>	<u>Recommendation</u>	<u>Request</u>	<u>Recommend.</u>
University of Iowa	\$12,303,996	\$1,286,121	\$ 5,326,846	\$ 146,420
Iowa State University	8,400,000	1,600,000	8,850,000	1,000,000
University of Northern Iowa	1,750,000	400,000	1,925,000	400,000
Iowa School for the Deaf	309,055	0	344,103	0
Iowa Braille & Sight Saving	<u>175,000</u>	<u>0</u>	<u>165,000</u>	<u>0</u>
Total	\$22,938,051	\$3,286,121	\$16,610,949	\$1,546,420

Board Office recommended funding of institutional initiatives:

	<u>FY 1998</u> <u>Recommendation</u>	<u>FY 1999</u> <u>Recommendation</u>
SUI		
Biosciences	\$ 500,000	\$ 0
Technology Based Teaching Initiative	500,000	600,000
Instructional Equipment	0	400,000
National Driving Simulator	360,703	(850,556)
Other Special Purpose	<u>(74,582)</u>	<u>(3,024)</u>
Total — SUI	\$ 1,286,121	\$ 146,420
ISU		
Research Capacity/Infrastructure	\$ 400,000	\$ 400,000
Leadership in Information Technology	600,000	600,000
Iowa Pork Industry Center	150,000	0
Iowa Beef Cattle Industry Center	150,000	0
Technology Transfer	<u>300,000</u>	<u>0</u>
Total — ISU	\$1,600,000	\$1,000,000
UNI		
Integrated System Technology	<u>\$ 400,000</u>	<u>\$ 400,000</u>
Total	\$3,286,121	\$1,546,420

Mr. Richey stated that this was the opportunity for institutional heads to discuss particular needs, for Board members to ask questions and give staff direction. The Board Office will do the staff work over the next 6 to 8 weeks and come back with a revised recommendation for consideration in September. He noted that appropriations requests must be submitted to the Department of Management no later than October 1. He said the primary emphases were to maintain purchasing power. The Board Office recommendations were quite conservative.

Regent Dorr referred to salary annualization and asked if they would most likely end up with a 4 percent to 5 percent increase. Mr. Richey responded that the state salary policy for the next couple of years had yet to be determined and that it was difficult to speculate.

Regent Dorr asked whether a 3 percent salary policy when added to the preliminary recommendation of a 2 percent increase would equate to 5 percent budget growth. Mr. Richey responded affirmatively.

ACTION: President Newlin stated the Board received reports on the FY 1998 and FY 1999 general fund operating budget requests of the Regent institutions and preliminary Board Office recommendations, by general consent.

(a) University of Iowa. The Board Office recommended the Board receive the report on the FY 1998 and FY 1999 general fund operating budget request of the University of Iowa and preliminary Board Office recommendations.

	FY 1998		FY 1998	
	<u>Request</u>	<u>% Increase</u>	<u>Recommendation</u>	<u>% Increase</u>
General University	\$225,473,845	6.2	\$216,752,076	2.1
University Hospitals	33,546,151	11.4	30,409,336	0.9
Psychiatric Hospital	7,515,312	1.0	7,482,070	0.6
Hospital School	6,487,020	5.0	6,260,593	1.3
Oakdale	3,263,587	10.3	3,006,582	1.6
Hygienic Laboratory	3,931,359	13.4	3,507,129	1.2
Family Practice	2,302,983	7.6	2,142,241	0.1
SCHS CA/HE	490,858	0.2	490,594	0.1
Special Purpose	<u>5,028,412</u>	<u>77.8</u>	<u>3,145,252</u>	<u>11.2</u>
Total	\$288,039,527	7.5	\$273,195,873	1.9

	FY 1999		FY 1999	
	<u>Request</u>	<u>% Increase</u>	<u>Recommendation</u>	<u>% Increase</u>
General University	\$235,839,320	4.6	\$220,844,281	1.9
University Hospitals	34,285,379	2.2	30,646,893	0.8
Psychiatric Hospital	7,578,314	0.8	7,511,136	0.4
Hospital School	6,888,520	6.2	6,316,437	0.9
Oakdale	3,319,387	1.7	3,047,783	1.4
Hygienic Laboratory	4,079,359	3.8	3,528,569	0.6
Family Practice	2,305,283	0.1	2,143,782	0.1
SCHS CA/HE	491,658	0.2	491,130	0.1
Special Purpose	<u>4,472,253</u>	<u>-11.6</u>	<u>2,319,054</u>	<u>-26.3</u>
Total	\$299,259,473	3.9	\$276,849,065	1.3

The preliminary Board Office recommendation for state appropriation funding for FY 1998 was \$273,195,873 (+1.9 percent) and FY 1999 was \$276,849,065 (+1.3 percent).

The recommended amounts were exclusive of funds for Regent salary increases because salary policy will not be established until after collective bargaining agreements are concluded next spring.

The University of Iowa's request for state appropriations for operations for FY 1998 was \$288,039,527 (+7.5 percent) and FY 1999 was \$299,259,473 (+3.9 percent).

Incremental appropriations for FY 1988 and FY 1999 as requested by the university and recommended by the Board Office are as follows:

	FY 1998 <u>Request</u>	FY 1998 <u>Recommend.</u>	FY 1999 <u>Request</u>	FY 1999 <u>Recommend.</u>
Salary Annualization	\$ 575,019	\$ 450,019	\$ 0	\$ 0
Inflation	2,956,925	2,091,250	3,071,147	2,186,497
Building Repairs	2,022,340	1,291,875	1,112,340	1,291,875
Opening New Buildings	119,639	85,000	139,613	28,400
Improving Undergraduate Education	2,010,000	0	1,510,000	0
Child Care	60,000	0	60,000	0
Institutional Initiatives	<u>12,303,996</u>	<u>1,286,121</u>	<u>5,326,846</u>	<u>146,420</u>
	<u>\$20,047,919</u>	<u>\$5,204,265</u>	<u>\$11,219,946</u>	<u>\$3,653,192</u>

Salary annualization funding of \$450,019 for 1998 was recommended to pay merit salaries increments and benefits for which commitments have already been made.

Inflation funding for goods and services was recommended at 2 percent for general expenses and utilities and 8.5 percent for libraries.

Building repair funding was recommended based on a 100-year building life phased in over a four-year period.

Opening new building costs were based on the anticipated opening date of October 1997 for the Levitt Center for University Advancement.

The Board Office recommended that requests for undergraduate education be funded through the proceeds from the tuition rate increases to be set in the fall and reallocations. The Board Office recommended the funding of requests for child care through reallocations.

The recommended additional appropriations for institutional initiatives included the following:

- \$500,000 for the biosciences in FY 1998.
- \$500,000 in FY 1998 and \$600,000 in FY 1999 for technology-based teaching initiative.
- \$400,000 for instructional equipment in FY 1999.
- \$986,217 for the National Advanced Driving Simulator (NADS) in FY 1998 and \$142,910 in FY 1999.

Salary annualization funding was recommended at \$450,019 for 1998. Inflation funding was recommended as follows:

	FY <u>Request</u>	1998 <u>Recommendation</u>	FY <u>Request</u>	1999 <u>Recommendation</u>
General	\$1,677,522	\$1,123,940	\$1,731,346	\$1,160,001
Utilities	671,403	359,310	679,801	366,496
Library	<u>608,000</u>	<u>608,000</u>	<u>660,000</u>	<u>660,000</u>
Total	\$2,956,925	\$2,091,250	\$3,071,147	\$2,186,497

Building repair funding was recommended based on a 100-year building life phased in over a four-year period.

Opening new building funds were recommended as follows:

	FY <u>Request</u>	1998 <u>Recommendation</u>	FY <u>Request</u>	1999 <u>Recommendation</u>
General Education Fund	\$ 85,000	\$85,000	\$ 28,400	\$28,400
UIHC	<u>34,639</u>	<u>0</u>	<u>111,213</u>	<u>0</u>
Total	\$119,639	\$85,000	\$139,613	\$28,400

The recommended funding for the Levitt Center for University Advancement was based on a scheduled opening of October 1997. The Board Office recommended funding the opening of new buildings at the UIHC from internal reallocations.

	FY <u>Request</u>	1998 <u>Recommendation</u>	FY <u>Request</u>	1999 <u>Recommendation</u>
Undergraduate Education	\$2,010,000	\$0	\$1,510,000	\$0

The University of Iowa continues to work toward producing an undergraduate teaching and learning environment comparable to that of peer institutions recognized as most highly valuing undergraduates.

Several areas have been identified as examples of areas in which requested funding would be matched with institutional funds to enable further progress in addressing these instructional needs:

- Instructional technology including expanded utilization of the ICN, development of interactive teaching software, and development of local area networks.
- International programs such as internationalizing the curriculum, study abroad/ internship opportunities, and collaborative programs with institutions and individuals abroad.
- Expansion of the honors program including making available extra instructional challenges to more students, increasing the number of honors sections of large lecture courses, and greater access to computer-equipped classrooms.
- Increasing the retention and graduation rates of all students, primarily through improvement in special advising and individual help for any student having academic difficulties.

The Board Office recommended funding this initiative through the increase in tuition and fee rates to be set in the fall and reallocations.

	FY <u>Request</u>	1998 <u>Recommendation</u>	FY <u>Request</u>	1999 <u>Recommendation</u>
Child Care	\$60,000	\$0	\$60,000	\$0

The university has been pursuing implementation of its five-year plan to improve child care services to campus families, particularly student families. Through appropriation and reallocation, the university has been able to implement several of its highest priorities including providing support for the infant and toddler care needs of graduate assistants.

	Institutional Initiatives			
	FY <u>Request</u>	1998 <u>Recommendation</u>	FY <u>Request</u>	1999 <u>Recommendation</u>
Libraries	\$788,400	\$0	\$515,075	\$0

The addition of \$788,400 in FY 1998 and \$515,075 in FY 1999 was requested for the university libraries budget in order to more fully meet critical campus informational needs. A portion of this funding will be used to support the information arcade through

enhanced curriculum and information access development throughout the use of electronic resources; additional funding of \$235,250 in FY 1998 and \$72,400 in FY 1999 is needed to support new positions in the arcade.

University officials requested \$450,050 in FY 1998 and \$362,125 in FY 1999 to cover records conversion, vendor software maintenance, computer network improvements, and programming support for OASIS, the on-line catalog for the law library and university libraries.

Funds to enhance basic library services include student assistance staffing for the acquisitions and cataloging support for East and South Asian studies (\$103,100 in FY 1998 and \$80,550 in FY 1999); library assistants for technical and software support; and support in managing the newly-configured Information Systems Support Department serving staff and client electronic workstations in a networked environment. The Board Office recommended funding this initiative through the increase in tuition and fee rates to be set in the fall and reallocations.

	<u>FY</u> <u>Request</u>	<u>1998</u> <u>Recommendation</u>	<u>FY</u> <u>Request</u>	<u>1999</u> <u>Recommendation</u>
Graduate and Professional Education	\$200,000	\$0	\$400,000	\$0

The university's strategic planning initiatives for the maintenance and enhancement of graduate and professional programs focus on minority student access to graduate education and interdisciplinary fellowships and scholarships.

The graduate college requested support for increased stipends for the current 30 Graduate Opportunity Fellowship (GOF) awards and funds for an additional 20 GOF awards; the cost of this initiative is \$100,000 for FY 1998 and \$200,000 for FY 1999.

Funds were requested for a new fellowship/scholarship program for the first years of graduate study for students pursuing interdisciplinary study and research; \$100,000 in FY 1998 will support five graduate students and \$200,000 in FY 1999 will support an additional ten graduate students.

	<u>FY</u> <u>Request</u>	1998 <u>Recommendation</u>	<u>FY</u> <u>Request</u>	1999 <u>Recommendation</u>
Technology Based Teaching	\$1,830,000	\$500,000	\$1,830,000	\$600,000

Funding in the amount of \$500,000 for FY 1998 and \$600,000 for FY 1999 was recommended to begin funding of a series of summer training programs for faculty to become proficient in technology-based teaching.

University officials plan to conduct a series of workshops for 25 faculty members each; upon completion of the workshop, the faculty member will receive adequate computing equipment to enable development and delivery of technology-based instructional materials.

University officials plan to utilize a combination of permanent installations (with full ICN capability) and mobile, cart-based installations of presentation equipment to increase the number of classrooms in which new instructional materials may be delivered.

The recommended funding included training and materials computer equipment, staff support, and subsequent classroom installations in support of this initiative.

	<u>FY</u> <u>Request</u>	1998 <u>Recommendation</u>	<u>FY</u> <u>Request</u>	1999 <u>Recommendation</u>
Increasing and Maintaining Diversity	\$650,000	\$0	\$400,000	\$0

University officials requested \$650,000 in FY 1998 and \$400,000 in FY 1999 for increasing and maintaining diversity, with a focus on the following:

- Recruiting traditionally underrepresented students.
- Recruiting and retaining minority and female faculty.
- Providing improved services for students with disabilities through interpreters, notetakers, and reader services.

	<u>FY</u> <u>Request</u>	1998 <u>Recommendation</u>	<u>FY</u> <u>Request</u>	1999 <u>Recommendation</u>
Instructional Equipment	\$1,400,000	\$0	\$1,400,000	\$400,000

The requested funding will be used to meet the most essential needs for instructional equipment and modernization of classrooms and laboratories where the equipment is

utilized. The university will match the requested funds with institutional funds to make further progress in addressing needs.

The equipment is needed to replace outdated equipment, enhance or maintain a high quality of instruction, and enable the faculty to utilize more effectively new and emerging technologies to the benefit of all students.

The Board Office recommended \$400,000 in FY 1999.

	FY <u>Request</u>	1998 <u>Recommendation</u>	FY <u>Request</u>	1999 <u>Recommendation</u>
Biosciences	\$800,000	\$500,000	\$0	\$0

In FY 1995, the university began planning for a new focused initiative to further improve its already substantial strengths in biosciences. The biosciences programs, which include biomedical, basic biological, and pharmaceutical sciences, are among the strongest on the university campus and in aggregate account for approximately 70 percent of the university's external research support.

The funding recommendation of \$500,000 in FY 1998 will be used for the recruitment of additional faculty, professional and scientific staff, and graduate students, and support of technology transfer and economic development activities. The funds will be used for the highest priority interdisciplinary recruitment in areas that will give direct and indirect benefits to multiple departments and colleges on campus.

	FY <u>Request</u>	1998 <u>Recommendation</u>	FY <u>Request</u>	1999 <u>Recommendation</u>
Arts and Humanities	\$165,000	\$0	\$165,000	\$0

The university has a distinguished tradition, and has earned international esteem, in the arts and humanities. The requested funding will provide for development of new methodologies and technologies for teaching, scholarship, and creative work; and employ new opportunities for research and collaboration offered by changes in global politics and advances in telecommunications.

The university plans to develop CD-ROMs, hypertext editions, and interactive software for research, technology-integrated courses, and curricula in the arts and humanities.

	FY <u>Request</u>	1998 <u>Recommendation</u>	FY <u>Request</u>	1999 <u>Recommendation</u>
Statewide Elderly Health Services	\$271,000	\$0	\$256,000	\$0

Iowa ranks fourth nationally in the percentage of population over age 65 and first in the percentage of population over the age of 85. The requested funding will be used for coordination of resources of existing programs in aging across Regent institutions.

The initiative will enable:

- Development of statewide access to aging information and resources through the ICN;
- Coordination and promotion of collaboration among existing university aging-related research programs;
- Establishment of a network of specialists in aging from the Regent universities who would be available for consultation with service providers;
- Development and dissemination of innovative, cost-effective demonstration programs;
- Enhancement of the university's ability to compete for major biomedical and psychosocial research grants in aging; and
- Coordination of education, research, training, and service opportunities at the university and in cooperation with other Regent institutions.

	FY <u>Request</u>	1998 <u>Recommendation</u>	FY <u>Request</u>	1999 <u>Recommendation</u>
Primary Health Care	\$330,000	\$0	\$300,000	\$0

Funding of \$330,000 in FY 1998 and \$300,000 in FY 1999 was requested to continue to improve the state's support for the University of Iowa's health center's primary health care initiative.

FY 1997 state appropriation funding for primary health care was \$800,600.

The university needs to broaden the network of community-based health professions training sites beyond the eight sites across the state that have already been developed

for the training of family practice residents. Funding will be used to expand the existing eight training sites and add several new sites in underserved areas. These expanded and additional sites will serve as locations for the education and training of physicians, dentists, nurses, pharmacists, physician assistants and allied health students.

FY 1998 funding will be used for an inventory of all registered nurses practicing in the state of Iowa to be added to the *Iowa Health Professions Inventory*, which will then be maintained on a regular basis. An additional use of the funding will be to expand the coverage of the programs in the Rural Physician Support Program and to include similar respite opportunities for other health professionals such as dentists, pharmacist, and advanced nurse practitioners for the development of a Health Professions Support Program.

Oakdale Campus

The Board Office recommended no new programs or program expansions for the Oakdale Campus.

	FY <u>Request</u>	1998 <u>Recommendation</u>	FY <u>Request</u>	1999 <u>Recommendation</u>
Oakdale Campus	\$243,000	\$0	\$0	\$0

University officials requested \$243,000 for equipment replacement and deferred maintenance of campus roofs and exteriors.

Family Practice

	FY <u>Request</u>	1998 <u>Recommendation</u>	FY <u>Request</u>	1999 <u>Recommendation</u>
Additional Trainees	\$160,000	\$0	\$0	\$0

The present level of state appropriations for the Statewide Family Practice Training Program pays for 6 percent of total program costs; the amount of state support allocated to each training position is based on statewide enrollment. Statewide enrollment increased by 11 in FY 1995 and 19 in FY 1996, with another increase expected for FY 1998.

The requested funding of \$160,000 in FY 1998 will accommodate program expansion by a total of 16 training positions over the current complement of 179.

University of Iowa Hospitals and Clinics

GENERAL
July 18, 1996

	FY <u>Request</u>	1998 <u>Recommendation</u>	FY <u>Request</u>	1999 <u>Recommendation</u>
Indigent Patient Care Program- State Appropriation Support Shortfall	\$1,123,000	\$0	\$49,000	\$0

UIHC officials requested a \$1,123,000 increase in its state appropriation for FY 1998 and an additional increment of \$49,000 in FY 1999 to replace paying patient revenues no longer available to subsidize the Indigent Patient Care Program. State appropriation support of these patients approximates 8.08 percent of UIHC's operating budget funding while total mandated costs equal approximately 8.37 percent, a shortfall of \$1,076,000.

This shortfall in appropriation funding of the indigent patient care program is subsidized from paying patient revenues and makes UIHC non-competitive when seeking contracts with managed care and other payer organizations. UIHC officials requested funding to replace the loss of these revenues and to eliminate the inflation-adjusted appropriation shortfall.

	FY <u>Request</u>	1998 <u>Recommendation</u>	FY <u>Request</u>	1999 <u>Recommendation</u>
Transportation and Housing to Iowa Medicaid Patients	\$1,613,000	\$0	\$71,000	\$0

Under statutory requirements enacted in 1990, UIHC is required to provide free transportation to Iowa Medicaid program patients. For FY 1996, the provision of this unfunded service was projected to be \$1,480,000.

This service is subsidized from UIHC's paying patient revenues and make UIHC's services non-competitive in the evolving health reform environment. UIHC officials requested funding to replace the loss of these revenues and to eliminate the inflation-adjusted appropriation funding shortfall of these mandated services.

	FY <u>Request</u>	1998 <u>Recommendation</u>	FY <u>Request</u>	1999 <u>Recommendation</u>
Hemophilia Treatment Center	\$200,000	\$0	\$100,000	\$0

Treatment of the rare hereditary disease hemophilia involves expensive clotting factor drugs and the majority of hemophilia patients have complex medical problems.

Antihemophilic drug expenses are disproportionately expensive; in FY 1996, just 40 patients accounted for 15 percent of total inpatient drug expenses. Many of these patients are approaching the maximum \$1 million lifetime insurance limits and will then become indigent patients.

UIHC officials requested funding to cover the costs of treating hemophilia patients that no longer have personal insurance coverage. The number of patients is projected to double or triple during the next biennium budgetary period.

University Hospital School

The Board Office recommended no new programs or program expansions for the Hospital School.

	FY <u>Request</u>	1998 <u>Recommendation</u>	FY <u>Request</u>	1999 <u>Recommendation</u>
Comprehensive Assistive Technology Services	\$52,900	\$0	\$110,100	\$0

University Hospital School officials proposed to expand its present compliment of assistive technology services. The specific new services would focus on environmental controls, learning software, and daily living activities technology.

University officials maintain that these new service offerings would be of tremendous help to children suffering from spinal cord malformations, head/brain injuries and neuromotor disorders.

	FY <u>Request</u>	1998 <u>Recommendation</u>	FY <u>Request</u>	1999 <u>Recommendation</u>
Outpatient Biobehavioral Service	\$150,500	\$0	\$211,700	\$0

To address the needs of growing numbers of patients who require evaluation and treatment for behavioral problems that are associated with biological dysfunction, University Hospital School officials proposed to offer an enhanced outpatient biobehavioral service. Recent studies indicate that fully 80 percent of children with severe, multiple disabilities would benefit from this type of service offering, based on a recent study by the National Institute of Child Health and Human Development.

University Hygienic Laboratory

The Board Office recommended no new programs or program expansions for the University Hygienic Laboratory (UHL).

	FY <u>Request</u>	1998 <u>Recommendation</u>	FY <u>Request</u>	1999 <u>Recommendation</u>
Upgrade TB Testing Program	\$200,000	\$0	\$0	\$0

UHL officials requested \$200,000 in FY 1998 for the upgrading of tuberculosis testing capability through acquisition of equipment and materials enabling application of evolving methodologies to allow more rapid and sensitive detection of drug resistant tuberculosis.

	FY <u>Request</u>	1998 <u>Recommendation</u>	FY <u>Request</u>	1999 <u>Recommendation</u>
Emerging Pathogens Surveillance	\$140,000	\$0	\$66,000	\$0

UHL officials proposed the development of an emerging pathogens surveillance program targeted toward the reemergence of diseases once thought controlled, the emergence of organisms resistant to antibiotics, and the emergence of previously unknown or entirely new diseases. The requested funds of \$140,000 in FY 1998 and \$66,000 in FY 1999 would provide for 1.0 FTE position and associated supplies and instrumentation.

	FY <u>Request</u>	1998 <u>Recommendation</u>	FY <u>Request</u>	1999 <u>Recommendation</u>
Public Health Outreach and Education	\$74,000	\$0	\$50,000	\$0

An expanded public health outreach and education program through connection of the UHL to the ICN was requested, at a cost of \$74,000 in FY 1998 and \$50,000 in FY 1999. This program will connect the UHL to the Iowa Communications Network (ICN) and, working with its clients, expand the capacity and increase the efficiency of the laboratory's communications and data transmission. Through this connection, UHL will be able to provide direct visual and audio communication with hospitals, emergency radiation response teams, government agencies and other academic institutions for training, emergency response, microbial species identification and other related laboratory activities.

Special Purpose Appropriations

GENERAL
July 18, 1996

	<u>FY 1997</u> <u>Budget</u>	<u>FY 1998</u> <u>Request</u>	<u>FY 1998</u> <u>Recomm.</u>	<u>FY 1999</u> <u>Request</u>	<u>FY 1999</u> <u>Recomm.</u>
Center for Ag Health & Safety	\$ 259,695	\$ 403,320	\$ 261,985	\$ 420,020	\$ 264,142
Center Biocatalysis & Bioprocessing	1,038,903	1,149,225	1,053,411	1,169,250	1,067,046
Center for Advanced Drug Development	324,582	253,660	252,757	254,036	252,202
Iowa Substance Abuse Consortium	66,561	96,383	66,645	99,991	66,732
Center for Global/Regional Env. Research	0	500,000	0	500,000	0
Center for Health Effects of Env. Contam.	0	103,000	0	238,100	0
National Advanced Driving Simulator	617,569	989,682	986,217	149,946	142,910
Iowa Birth Defects Registry	0	337,022	0	351,180	0
State of Iowa Cancer Registry	199,246	383,300	201,787	397,570	203,375
Oakdale Research Park	221,000	221,580	221,484	221,300	221,105
Technology Innovation Center	100,000	176,240	100,966	175,860	101,542
Council for Integrating Research & Educ.	0	275,000	0	275,000	0
Iowa Research Institute on Compulsive and Addictive Behavior in Rural Settings	<u>0</u>	<u>140,000</u>	<u>0</u>	<u>220,000</u>	<u>0</u>
Total	\$2,827,556	\$5,028,412	\$3,145,252	\$4,472,253	\$2,319,054

The FY 1998 and FY 1999 recommendations for funding of special purpose appropriations reflected only inflationary increases and salary annualization except for the National Advanced Driving Simulator (NADS). The recommended funding for the NADS of \$986,217 in FY 1998 included \$700,000 for planning and construction of the NADS facility and 3.6 FTE positions for operational development and management until the instrument becomes fully operational; the FY 1999 recommended funding of \$142,910 reflected a reduction in staffing requirements thereafter.

	<u>FY</u> <u>Request</u>	<u>1998</u> <u>Recommendation</u>	<u>FY</u> <u>Request</u>	<u>1999</u> <u>Recommendation</u>
Iowa Center for Agricultural Safety and Health	\$403,320	\$261,985	\$420,020	\$264,142

In 1990 the State Legislature passed a bill (HF 2548) to form a center to coordinate and focus the state's resources to improve the occupational health and safety of Iowa's farm families and farm workers. The center is a joint venture of the University of Iowa, Iowa State University, the Department of Public Health, and the Department of Agriculture and Land Stewardship.

The center coordinates and develops programs to reduce the incidence of deaths, injuries, and disabilities suffered by farm family members and others engaged in agriculture. The center will strengthen Iowa's national leadership in promotion of a healthier and safer farm environment.

The center's ongoing goals are:

- Support of the Iowa Agricultural Health and Safety Service Program network (the forerunner of I-CASH) to the only statewide hospital network in the country providing comprehensive occupational health and safety services to family farmers and agricultural workers;
- Prevention of tractor-related injuries and fatalities;
- Prevention of fatalities, injuries, and illnesses among farm youth;
- Prevention of illnesses among producers working in the growing number of intensive livestock operations; and
- Collaboration on the surveillance of agricultural illnesses and injuries.

Funding in FY 1998 and FY 1999 was recommended in support of the center's five ongoing goals. Additional funding requested by the university for a full-time program assistant, an increase in the contract to Iowa State University for salary and programming for the Extension Safety Specialist, and general expenses was not recommended.

	<u>FY</u> <u>Request</u>	<u>1998</u> <u>Recommendation</u>	<u>FY</u> <u>Request</u>	<u>1999</u> <u>Recommendation</u>
Center for Biocatalysis and Bioprocessing	\$1,149,125	\$1,053,411	\$1,169,250	\$1,067,046

Biocatalysis/bioprocessing technologies are necessary to the implementation of "biotechnology"-based approaches to the solution of problems in agricultural, chemical, nutritional, and pharmaceutical industries.

The Center for Biocatalysis and Bioprocessing serves as the primary contract research facility for biocatalysis and bioprocessing in the state of Iowa. Collectively, the center represents one of the strongest clusters of scientists, laboratory personnel, and graduate and postdoctoral students in the area of biocatalysis and bioprocessing in the United States.

Construction on the laboratories will be completed in FY 1997; these laboratories will provide unmatched fermentation, biocatalysis, and bioprocessing facilities and equipment for the conduct of multidisciplinary industry/academic research.

Funding recommended in FY 1998 and FY 1999 will enable the center to be more aggressive in its industrial outreach efforts, broaden the scope of the work done, and

help Iowa industry reduce the time to introduce new products and processes into the marketplace.

	FY <u>Request</u>	1998 <u>Recommendation</u>	FY <u>Request</u>	1999 <u>Recommendation</u>
Center for Advanced Drug Development	\$253,660	\$252,757	\$254,036	\$252,202

Through its existing Division of Pharmaceutical Service, the UI College of Pharmacy offers the special capacity to produce, under contract, limited quantities of new medicines under FDA approval and utilizing an FDA registered facility (the only such comprehensive facility in a College of Pharmacy in the U.S.).

The present budget seeks funds to continue support for the companion Center for Advanced Drug Development, located in the Physiology Research Building on the Oakdale Research Campus. This center addresses a crucial economic need to shorten the lead time between new pharmaceutical discoveries in the laboratory and their commercialization in the market place.

Because pharmaceuticals occupy such an important part of the state's high technology portfolio, continued investment in this center will increase the state's economic resources in a strongly competitive environment. Support recommended for FY 1998 and FY 1999 will permit broad chemical, analytical, and bioanalytical services to the client base while substantially extending the total capacities of the well-established Pharmaceutical Service Division.

FY 1998 and FY 1999 funding requests were reduced from recent years, reflecting declining equipment costs and the completion of building renovation and alterations in FY 1997. Funding for equipment in both years will expand the center's ability to do stability testing as well as its analytical abilities.

	FY <u>Request</u>	1998 <u>Recommendation</u>	FY <u>Request</u>	1999 <u>Recommendation</u>
Iowa Substance Abuse Consortium	\$96,383	\$66,645	\$99,991	\$66,732

The consortium facilitates multidisciplinary and multiorganizational research and evaluates substance abuse prevention and treatment efforts in the state of Iowa. The consortium's advisory board includes representatives from the University of Iowa, University of Northern Iowa, Iowa State University, Drake University, state departments of Public Health, Education, Public Safety, Correction, and Human Services, and

representatives from local substance abuse service agencies. The consortium is currently housed on the University of Iowa's Oakdale campus.

Funds recommended for FY 1998 and FY 1999 will support continuation of the consortium's unique capacity to build statewide networks focused upon interdisciplinary research and program evaluation in the field of substance abuse. Additional funding requested for a new management support staff position to develop and oversee research and evaluation projects was not recommended.

	<u>FY</u> <u>Request</u>	<u>1998</u> <u>Recommendation</u>	<u>FY</u> <u>Request</u>	<u>1999</u> <u>Recommendation</u>
Center for Global and Regional Environmental Research	\$500,000	\$0	\$500,000	\$0

The Center for Global and Regional Environmental Research studies the effects and interactions of global change on earth system processes and people. The center builds on a broad base of expertise in core research areas critical to environmental change.

The center plans to embark on a new program to analyze the most likely scenario of climate change from the Intergovernmental Panel on Climate Change - IPCC (1994) for Iowa and the Midwest. For this endeavor, four new positions would be recruited — a director and international authority on climate change, a modeler, an ecologist to investigate plant and soil dynamics, and a policy analyst. The director's salary will be assumed by other funds following the two-year period. A new field site at the Amana colonies would be established to actually perform warming experiments on Iowa crops and soil.

The requested funding for FY 1998 reflected the need to construct an aluminum building at the site and for the purchase of equipment. Requested funding for FY 1999 will continue to provide core support for the field site and other research initiatives and for the purchase and maintenance of necessary equipment.

	<u>FY</u> <u>Request</u>	<u>1998</u> <u>Recommendation</u>	<u>FY</u> <u>Request</u>	<u>1999</u> <u>Recommendation</u>
Center for Health Effects of Environmental Contamination	\$103,000	\$0	\$238,100	\$0

CHEEC's broad mission, mandated by the Iowa Groundwater Protection Act of 1987, is "determination of the levels of environmental contamination which can be specifically associated with human health effects."

This special appropriations request seeks funds necessary, in combination with current support, to accomplish this goal. CHEEC currently receives an annual state appropriation of approximately \$325,000, or 9 percent of the Agricultural Management Account in the Iowa Groundwater Protection Fund.

The \$103,000 funding requested for FY 1998 is for funds to design, develop, and test methods and procedures for an epidemiological investigation of adverse health outcomes which are possibly related to drinking water quality in southern Iowa communities. Funding of \$238,100 was requested in FY 1999 to conduct the study including exposure assessments, interviews, and analysis of data collected.

	<u>FY</u> <u>Request</u>	<u>1998</u> <u>Recommendation</u>	<u>FY</u> <u>Request</u>	<u>1999</u> <u>Recommendation</u>
National Advanced Driving Simulator	\$989,682	\$986,217	\$149,946	\$142,910

This project was awarded at an initial level of \$33 million by the National Highway Traffic Safety Administration (NHTSA) after a National Science Foundation competition; federal funding was increased to \$46 million. Funding to support the National Advanced Driving Simulator (NADS) will come from a combination of federal, industrial, contributed university, and state support.

The NADS facility is scheduled to become operational in 1999.

State support for this project has focused on construction costs of the facility, startup, operational costs, and development of the research program required to make the NADS self-sufficient; the FY 1996 General Assembly authorized \$4.3 million to construct the facility. The recommended funding for FY 1998 included \$700,000 for planning and construction of the NADS facility and 3.6 FTE positions for operational development and management before the instrument becomes fully operational. The FY 1999 recommended funding reflected reduced staffing of 1.8 FTE positions after the developmental phase.

Major activities scheduled for FY 1998 include hardware development, software and system testing, testing, negotiation of initial research and development agreements with the Department of Transportation and the Department of Defense, and development of a marketing plan. During FY 1999, staff will focus on development of working relationships with U.S. motor vehicle manufacturers, federal government agencies, and representatives of public and private sectors in foreign countries.

Health Registries

The importance of health registries as a basis for research, training, and public health intervention measures has grown immeasurably over the past several years.

These registries, including most prominently the Tumor Registry, the Cancer Registry and the Birth Defects Registry, form the basis for long-term, large population studies of health and disease patterns specifically focused on the people of Iowa.

	FY <u>Request</u>	1998 <u>Recommendation</u>	FY <u>Request</u>	1999 <u>Recommendation</u>
Iowa Birth Defects Registry	\$337,022	\$0	\$351,180	\$0

The State Birth Defects Registry is one of three nationally leading programs developed with partial federal funding to monitor the occurrence of birth defects for an entire state.

The final year of the Registry's five-year funding agreement with the Center for Disease Control will begin October 1, 1996; direct support for FY 1996 was \$305,000. Support from the Iowa Department of Public Health for active statewide surveillance functions was discontinued in 1991.

The requested special appropriations would allow the maintenance of essential ongoing Birth Defects Registry functions in support of the university and state research and education programs. The Registry currently provides support to state programs such as the Maternal and Child Health Block Grant, the state educational services, and the Office of Disability Prevention in the Iowa Department of Public Health.

The loss of funding for the Registry would weaken federally-funded research programs in birth defects prevention, genetics, and environmental health; additionally, new research initiatives on birth defects and the human genome, which rely heavily on the Registry's data, could be compromised by loss of Registry funding.

	FY <u>Request</u>	1998 <u>Recommendation</u>	FY <u>Request</u>	1999 <u>Recommendation</u>
State of Iowa Cancer Registry	\$383,300	\$201,787	\$397,570	\$203,375

The State of Iowa Cancer Registry is part of the National Cancer Institute's (NCI) Surveillance, Epidemiology, and End Results (SEER) Program dedicated to cancer data collection, reporting, and evaluation. The objectives of the Registry are:

- Assembling and reporting cancer incidence, mortality, and follow-up data among Iowans and reporting these data to the NCI;
- Monitoring annual trends in cancer incidence and mortality;

- Providing information on changes over time in extent of disease at diagnosis, trends in therapy, and associated changes in patient survival; and
- Promoting and conducting studies designed to identify factors amenable to cancer prevention and control.

The Iowa Registry's current seven-year contract with NCI expires October 31, 1996, and a new proposal will be prepared by the Iowa Registry staff that addresses continuation of the contract for another seven-year period commencing November 1, 1996. The amount of matching funding is critical to this grant award, since the amount of matching that the state has provided in the past will place the Registry at a competitive disadvantage.

To avoid being eliminated, the Iowa Registry is seeking increases in annual support at the requested levels which will place the Iowa Registry in a more competitive range with other NCI SEER registries (the NCI average is approximately 19 percent non-federal funding as opposed to the 8 percent for the Registry's at its current funding level of approximately \$200,000).

In FY 1998 and FY 1999, the recommended state appropriation would be used primarily to supplement core support for the Registry including salaries, computer services and equipment, and general expenses. A significant portion of these funds is also used to provide, at the least possible cost, cancer services and educational activities directed toward Iowans. The funding will allow the Registry to continue to update cancer data which will be available to researchers at the University of Iowa, other state entities, and other institutions across the nation.

	FY <u>Request</u>	1998 <u>Recommendation</u>	FY <u>Request</u>	1999 <u>Recommendation</u>
Oakdale Research Park	\$221,580	\$221,484	\$221,300	\$221,105

The Oakdale Research Park project represents a substantial commitment by the state and the university to further interaction with business. In keeping with the university's strategic intent to reach out to external constituents and to participate in Iowa's economic growth, the project is building a nucleus of businesses in Iowa that are drawn by the strengths of the university.

The appropriation request, which is the same amount as received in past years, will partially support the essential expenses for the operation of the 173 acre research park.

FY	1998	FY	1999
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	<u>Request</u>	<u>Recommendation</u>	<u>Request</u>	<u>Recommendation</u>
Technology Innovation Center	\$176,240	\$100,986	\$175,860	\$101,542

The Technology Innovation Center serves as a business incubator, an interim site for research units of major corporations, and a point of contact for those off-campus seeking access to the research resources of the university. Expenditures of the Technology Innovation Center allow continued delivery of shared services to tenants of the Center.

The Technology Innovation Center has become an important part of the university's strategic plan for building ties with those off-campus and for participation in the economic life of the state.

An increase in funding requested to \$176,240 for FY 1998 and \$175,860 in FY 1999 from the current level of \$100,000 reflects the need for additional staff and professional services as a result of the growth of the program. Funding was recommended at the same level as past years.

	FY <u>Request</u>	1998 <u>Recommendation</u>	FY <u>Request</u>	1999 <u>Recommendation</u>
Council for Integrating Research and Education	\$275,000	\$0	\$275,000	\$0

University officials proposed an initiative to provide competitive grants to individual researchers, departments, and colleges at the University of Iowa to implement specific projects for the integration of research and undergraduate education. The overriding purpose of the grants would be to bring more undergraduates into research projects, and to encourage the revision of curriculum to bring research results and methods more directly into the undergraduate classroom.

The grants would be awarded for innovative ideas for integrating research and undergraduate education, with awards to be spent on such activities as:

- Multi-media software development (WEB, CD Rooms, etc.) aimed at curriculum redesign in order to bring research into the classroom.
- Purchase of equipment to implement classroom-based research activities.
- Purchase of computer time for undergraduate research projects.

	FY <u>Request</u>	1998 <u>Recommendation</u>	FY <u>Request</u>	1999 <u>Recommendation</u>
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Iowa Research Institute on Compulsive and Addictive Behavior in Rural Settings	\$140,000	\$0	\$220,000	\$0
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University officials proposed an initiative to focus on cooperative research among faculty, continuing education, and consultation services to individuals, public agencies, business, and industry on the problem of compulsive and addictive behaviors within the rural setting of Iowa. The stated purposes of the initiative are to:

- Attract specialists in these areas to Iowa to conduct research on treatment, etiology, and prevention;
- Provide public education to Iowans through a speakers bureau, as well as continuing education programs, for professionals who confront these behaviors daily;
- Provide a consultative role to businesses, industry, and other organizations as they build assistance programs; and
- Serve as a resource to state policymakers drafting legislation related to these problems.

The requested funding of \$140,000 in FY 1998 and \$220,000 in FY 1999 would provide for 1.5 FTE positions (Institute Director and Program Associate) plus related support expenses; in the second year, \$75,000 would be earmarked for seed grants awarded for research that will provide the basis for future applications to external funding agencies.

President Coleman thanked the Board Office for the recommendations concerning some of the university's initiatives including library acquisitions, building repairs, biosciences, and the NADS project. She asked that the Regents recognize underfunding of indigent care as was recognized last year. She expressed considerable disappointment with the Board Office budget recommendations for FY 1998 and 1999 which were below what the Board acted on last year in its projections for FY 1998. She discussed the process that had occurred on campus for development of the budget requests.

President Coleman highlighted the following items which she indicated she would be vigorously promoting in the next few months. First, she said instructional equipment goes hand-in-glove with the technology-based teaching initiative. The centerpiece of this innovative program for faculty is workshops that will provide instruction in technologies and software components, new curriculum design modes, and methods of

integrating technology and course context. She said 550 faculty will have been trained after two years of this project. With regard to undergraduate retention, President Coleman said there are gateway courses in almost every discipline. The sciences are particularly challenging in this regard. The university experiences trouble with attrition in beginning science courses. The initiative to address undergraduate retention will assist faculty in guiding students through basic core courses more effectively which will help students to stay in school and be successful.

President Coleman addressed the arts and humanities initiative. She stated that the University of Iowa is clearly as well known in the arts and humanities as it is in the biosciences. University officials have envisioned an initiative that will invest in the arts and humanities in the same way the university has invested in the biosciences over the past few years. With regard to increasing and maintaining diversity, she said university officials believe so deeply in this concept that they placed the budget request high on the university's list of priorities. The U.S. is facing the year 2000; more than 50 percent of those entering the workforce will be women and underrepresented minorities. University officials believe the university has a societal obligation to encourage and welcome those from diverse backgrounds.

With regard to library enhancements, President Coleman stated that libraries are trying to keep up with an explosion of information, not only in the traditional print environment but also in the electronic world. University officials have studied the library's needs and are convinced that library enhancements should be a high priority.

President Coleman concluded by reminding the Regents that the university's request to the state is just part of its efforts to fund initiatives.

Regent Dorr asked for clarification regarding the request for funding for the Iowa Center for Agricultural Safety and Health. Vice President Manasse responded that the center focuses as a joining point for a number of initiatives in Iowa. The center focuses on safety, particularly for children. It is identifying medical problems that result from confinement areas. It also collaborates with OSHA to participate in national discussions related to farm safety.

Regent Dorr asked who was the constituency, noting that farm numbers are down and equipment is safer. He said progress was being made long before this center was in existence. Are there other programs that should be liquidated to fund some of the initiatives that were being requested by the university?

Vice President Manasse stated that agricultural work continues to be one of the most dangerous occupations. Agriculture is still a terribly hazardous area. He then

suggested that university officials invite the leadership of the center and some of the scientists involved with the center to make a presentation to the Board of Regents.

Regent Pellett stated that she would welcome such a presentation.

Director Howell addressed the request of the UIHC for additional funding for indigent patient care, noting the UIHC's mission of serving lowans who are not able to afford their own health care. He said the UIHC continues to fulfill that mission. Others have been asked to help pay those costs in the past but those requests were being less well received by the payors. He said the shortfall in funding the indigent patient care program in the 1998 and 1999 budget requests was conservative.

ACTION: President Newlin stated the Board received the report on the FY 1998 and FY 1999 general fund operating budget request of the University of Iowa and preliminary Board Office recommendations, by general consent.

(b) Iowa State University. The Board Office recommended the Board receive the report on the FY 1998 and FY 1999 general fund operating budget request for Iowa State University and preliminary Board Office recommendations.

GENERAL
July 18, 1996

	FY 1998		FY 1998	
	<u>Request</u>	<u>% Increase</u>	<u>Recommendation</u>	<u>% Increase</u>
General University	\$180,283,841	7.4%	\$171,480,012	2.2%
Ag. Experiment Station	32,961,523	0.6%	32,906,027	0.4%
Cooperative Extension	20,585,036	3.0%	20,390,221	2.0%
Inst. Physical Research & Tech	4,563,084	8.1%	4,550,351	7.8%
Special Purpose Approps.	<u>2,474,179</u>	<u>1.7%</u>	<u>2,461,030</u>	<u>1.1%</u>
Total	\$240,867,663	6.0%	\$231,787,641	2.0%

	FY 1999		FY 1999	
	<u>Request</u>	<u>% Increase</u>	<u>Recommendation</u>	<u>% Increase</u>
General University	\$193,608,479	7.4%	\$174,983,416	2.0%
Ag. Experiment Station	33,136,257	0.5%	33,022,566	0.4
Cooperative Extension	20,724,981	0.7%	20,483,960	0.5
Inst. Physical Research & Tech	5,102,827	11.8%	4,576,979	0.6
Special Purpose Approps.	<u>2,515,219</u>	<u>1.7%</u>	<u>2,488,527</u>	<u>1.1</u>
Total	\$255,087,763	5.9%	\$235,555,448	1.6%

The Board Office recommendation for state appropriations for Iowa State University for FY 1998 was \$231,787,641 (+2.0 percent) and FY 1999 was \$235,555,448 (+1.6 percent). The recommended amounts were exclusive of funds for Regent salary increases because salary policy will not be established until after collective bargaining agreements are concluded next spring.

Iowa State University's request for state appropriations for operations for FY 1998 was \$240,867,663 (+6.0 percent) and FY 1999 was \$255,087,763 (+5.9 percent). Incremental appropriations for FY 1988 and FY 1999 as requested by the university and recommended by the Board Office were as follows:

GENERAL
July 18, 1996

	FY 1998		FY 1999	
	<u>Request</u>	<u>Recommendation</u>	<u>Request</u>	<u>Recommendation</u>
Salary Annualization	\$ 238,940	\$ 238,940	\$ 0	\$ 0
Inflation	1,964,058	1,479,219	2,083,210	1,546,456
Building Repairs	1,699,128	1,150,000	1,699,128	873,910
Opening New Buildings	182,110	86,055	437,762	347,441
Improving Undergraduate Education	1,000,000	0	1,000,000	0
Child Care	150,000	0	150,000	0
Institutional Initiatives	<u>8,400,000</u>	<u>1,600,000</u>	<u>8,850,000</u>	<u>1,000,000</u>
	<u>\$13,634,236</u>	<u>\$4,554,214</u>	<u>\$14,220,100</u>	<u>\$3,767,807</u>

Salary annualization funding of \$238,940 for 1998 was recommended to pay merit salaries increments and benefits for which commitments have already been made. Inflation funding for goods and services was recommended at 2 percent for general expenses and utilities and 8.5 percent for libraries. Building repair funding was recommended based on a 100-year building life phased in over a four-year period. Opening new building costs were based on anticipated opening dates.

The Board Office recommended that requests for undergraduate education be funded through the proceeds from the tuition rate increases to be set in the fall and reallocations. The Board Office recommended the funding of requests for child care through reallocations.

The recommended additional appropriations for institutional initiatives included:

- \$400,000 in both FY 1998 and FY 1999 for the Research Capacity/Infrastructure initiative.
- \$600,000 in both FY 1998 and FY 1999 for the Leadership in Information Technology initiative.
- FY 1998 funding of \$150,000 for the both the Iowa Pork Industries Center and the Iowa Beef Cattle Industry Center initiatives.
- FY 1998 funding of \$300,000 for the Technology Transfer initiative.

Salary annualization funding of \$238,940 was recommended by the Board Office for FY 1998. Inflation funding was recommended as follows:

FY 1998

FY 1999

GENERAL
July 18, 1996

	<u>Request</u>	<u>Recommendation</u>	<u>Request</u>	<u>Recommendation</u>
General	\$1,013,978	\$ 679,365	\$1,044,399	\$ 699,748
Utilities	475,391	325,165	523,774	331,671
Library	<u>474,689</u>	<u>474,689</u>	<u>515,037</u>	<u>515,037</u>
Total	\$1,964,058	\$1,479,219	\$2,083,210	\$1,546,456

Building repair funding was recommended based on a 100-year building life phased in over a four-year period.

	FY 1998		FY 1999	
	<u>Request</u>	<u>Recommendation</u>	<u>Request</u>	<u>Recommendation</u>
Building Repairs	\$1,699,128	\$1,150,000	\$1,699,128	\$873,910

Opening new building funding was recommended as follows:

	FY 1998		FY 1999	
	<u>Request</u>	<u>Recommendation</u>	<u>Request</u>	<u>Recommendation</u>
<u>Opening New Buildings</u>				
Administrative Services Facility	\$135,851	\$67,925	\$ 0	\$ 67,926
Library Storage Building	46,259	18,130	0	18,130
Palmer Human Development and Family Studies Building	0	0	22,944	22,944
Engineering Teaching and Research Complex (Phase I)	0	0	146,728	132,000
Intensive Livestock Research and Instruction Facilities (Kildee Addition)	<u>0</u>	<u>0</u>	<u>268,090</u>	<u>106,441</u>
Total	\$182,110	\$86,055	\$437,762	\$347,441

Recommended funding for the Administrative Services Building reflected half-year funding in FY 1998 and FY 1999 based on a scheduled opening of January 1998.

Recommended funding for the Library Storage Building reflected half-year funding in FY 1998 and FY 1999 based on a scheduled opening of January 1998, plus deduction of annual operating and maintenance costs for the current storage facility, which is being demolished.

Recommended FY 1999 funding for the Palmer Human Development and Family Studies Building was based upon a scheduled opening of April 1999.

Recommended FY 1999 funding for the Engineering Teaching and Research Complex was based upon the annual funding level presented to the Legislature and a scheduled opening of April 1999.

Recommended FY 1999 funding for the Intensive Livestock Research and Instruction Facilities was based upon the total funding level presented to the Legislature and a scheduled opening of January 1999.

	FY 1998		FY 1999	
	<u>Request</u>	<u>Recommendation</u>	<u>Request</u>	<u>Recommendation</u>
Improving Undergraduate Education	\$1,000,000	\$0	\$1,000,000	\$0

Iowa State University continues to place highest priority on strengthening undergraduate teaching, programs, and services. Funding requested by the university for undergraduate education was focused in the areas of improving the educational and instructional experience of undergraduate students.

Funding of \$1 million was requested for both FY 1998 and FY 1999 to further support instructional objectives of improving communications skills, providing increasing exposure to cultural pluralism and international perspectives, ensuring opportunities for use of computer technology, and encouraging internship and cooperative experiences.

The Board Office recommended funding this initiative through the increase in tuition and fee rates to be set in the fall and internal reallocations.

	FY 1998		FY 1999	
	<u>Request</u>	<u>Recommendation</u>	<u>Request</u>	<u>Recommendation</u>
Child Care	\$150,000	\$0	\$150,000	\$0

Iowa State University officials requested funding to subsidize the child care center fees for students and lower-paid Iowa State University staff whose combined family incomes fall into subsidized categories based on a sliding fee scale. Students will be given first priority and receive the highest subsidy.

University officials estimate that 60 percent of the slots will be used by students, 20 percent by lower-paid staff, and 20 percent by higher paid faculty and staff who will pay fees that cover the actual, unsubsidized costs of caring for their children.

University Community Childcare (UCC) currently has 66 full-time slots and a waiting list of 300 families. The additional child care facility under construction, adjacent to the College of Veterinary Medicine, will accommodate 88 children.

Institutional Initiatives

Research and Graduate Education

The university's funding request focuses on two areas of research and graduate education: research infrastructure and tuition scholarships for graduate assistants. The request totals \$2,600,000 for both FY 1998 and FY 1999.

	FY 1998		FY 1999	
	<u>Request</u>	<u>Recommendation</u>	<u>Request</u>	<u>Recommendation</u>
Improving Research Capacity	\$400,000	\$400,000	\$400,000	\$400,000

The capacity of a university to attract funding for research depends, in part, on its ability to maintain an appropriate research infrastructure (university-wide research support services). During the past ten years, Iowa State University has had only limited ability to develop its research infrastructure, although its sponsored funding for research has increased three-fold.

Over the two-year period, funds will be used to increase laboratory animal attendants, add staff assistance to the grants and contracts area, provide for maintenance contracts on research equipment, provide increased technical support to research investigators, and upgrade existing research equipment and facilities.

Funding was recommended at \$400,000 for both FY 1998 and FY 1999.

	FY	1998	FY	1999
	<u>Request</u>	<u>Recommendation</u>	<u>Request</u>	<u>Recommendation</u>
Tuition Scholarships for Graduate Assistants	\$2,200,000	\$0	\$2,200,000	\$0

In order to be competitive in attracting and retaining the best graduate students, Iowa State University officials desire to follow the practice that is common at many other major universities and provide full tuition scholarships for graduate students who are on assistantships. The funds requested for FY 1998 and FY 1999 are to fully fund the tuition scholarships for graduate assistants who are employed by units receiving state funds.

Currently, Iowa State University awards such students scholarships equal to one-half of the assessed tuition scholarships for graduate assistants who are employed half-time and one-fourth of assessed tuition for those employed quarter-time.

	FY 1998		FY 1999	
	Request	Recommendation	Request	Recommendation
Reengineering Engineering Education	\$2,000,000	\$0	\$1,500,000	\$0

Iowa State University envisions significant changes in the methodology and content of engineering educational programs. The programs will become student-focused and practice-oriented through a shift toward a learning-based approach that emphasizes that learning is a process that can be measured and improved.

More emphasis will be placed on real industrial experience and on undergraduate experience based on practice through faculty exchange programs with industry, expanded co-op programs, and distance learning.

Iowa State University officials plan to use the requested funding to take advantage of the downsizing and outsourcing that many corporations are experiencing to create new and/or expanded joint research and development activities, serve as a training resource, and develop faculty and corporation exchanges.

Rural/Community Development

University officials requested funds for development and implementation of a comprehensive strategy to address the interrelated issues of social and economic development, the environment, and the preservation and growth of rural communities.

University officials proposed a series of initiatives designed to apply the achievements of its scientific and research centers to the rural communities of Iowa. The collective focus of these initiatives include:

- Promotion of long-term economic stability and balanced economic growth through further integrating farm-to-market delivery of processed products from Iowa's agriculture.
- Partnering researchers from across the university in applying science and technology to the integrated challenge of balanced and diversified economic growth.
- Development of strategies that contribute to a balanced approach applying technology and public policy toward issues of environmental protection.
- Development of coordinated research strategies for maintaining viable communities through a combination of production agriculture, light industry, and retail sales.

The requested funding for these initiatives totals \$2,150,000 for FY 1998 and \$2,100,000 for FY 1999.

	FY 1998		FY 1999	
	<u>Request</u>	<u>Recommendation</u>	<u>Request</u>	<u>Recommendation</u>
Community Development	\$300,000	\$0	\$500,000	\$0
Infrastructure				

University officials requested funding to use the experimental farm as a model in developing a regional planning and community development laboratory, in conjunction with the initiatives of the Wallace Foundation for Rural Research and Development, to establish an Educational and Outreach Center at the Armstrong Farm near Atlantic, Iowa. In concert with the goals of the Wallace Foundation, the laboratory is expected to enhance the people resources of southwest Iowa and provide hands-on learning experiences for students enrolled in credit and non-credit educational programs of the center.

The laboratory will be staffed with a full-time extension specialist in community development, and support staff shared with other extension personnel.

The infrastructure development will allow Iowa State University to more effectively and readily address strategies to advance economic development in Iowa. Increased efforts ranging from individual research projects to multidisciplinary teams will assess local and regional need, conduct research, and assist communities, businesses, and citizens in using research results.

A community-based strategy will be designed and developed to address local environmental, economic, and social needs through targeted research and extension efforts.

	FY 1998		FY 1999	
	<u>Request</u>	<u>Recommendation</u>	<u>Request</u>	<u>Recommendation</u>
Distance Education	\$250,000	\$0	\$500,000	\$0

The Iowa Communications Network (ICN) is enabling Iowa State University to provide an increasing array of credit and non-credit instruction to Iowans who are place-bound and unable to attend classes in Ames. Preliminary experience has shown that faculty need additional time to develop courses for presentation on the network.

University officials plan to provide funds to faculty and departments on a short-term basis to develop and design a program and series of courses, thus allowing the funds

to be reallocated continually across the campus as additional courses and degree programs are identified for the ICN.

Five ICN classrooms are now available on the ISU campus; two more classrooms are currently being developed, one in the College of Business and one in the College of Veterinary Medicine. The installed base of equipment for seven classrooms will total in excess of \$750,000 and the maintenance cost is estimated to be above \$100,000 per year; technology must be maintained annually and replaced periodically. Additional equipment and software will be required by the Library, the Computation Center, Student Services, and Extended and Continuing Education.

	<u>Request</u>	<u>FY 1998 Recommendation</u>	<u>Request</u>	<u>FY 1999 Recommendation</u>
Value-Added Products Laboratory	\$250,000	\$0	\$500,000	\$0

Developing applications for knowledge gained from basic chemistry offers opportunities for new industries to be established in Iowa, and integrating chemical industries with corn or soybean processing plants capitalizes on what Iowa does best - produce grains.

The goal of this request is to use basic chemistry to develop new technologies for adding value to Iowa-grown crops through four initiatives. The first initiative, new value-added products and processes, will be using the creation of a class of chemical compounds known as oleochemicals from corn and soybean oils, and selective organic and inorganic chemical reactions; the main use will be as industrial feedstocks. The second initiative, the development of recovery processes for the products of applied biotechnology, will focus on improved fermentation and product recovery processes; working with companies, Iowa State University will develop processing technologies to recover those high-value products, such as industrial enzymes for the soap and detergent industry. The third initiative, the use of soybean and corn product for construction materials, will lead to the development of new types of ceiling tiles and wallboard from the chemical modification and molding of soy protein and cornstarch. The fourth initiative, replacing nonrenewable resources, focuses on new technologies for making high-volume industrial chemicals and solvents that today are made from petroleum.

The request included funding for personnel, equipment, and services and supplies for the four initiatives.

	<u>FY 1998 Request</u>	<u>Recommendation</u>	<u>FY 1999 Request</u>	<u>Recommendation</u>
Iowa Pork Industry Center	\$150,000	\$150,000	\$0	\$0

The recently-formed Iowa Pork Industry Center will help Iowans make critical decisions that will have a large impact on the future of the swine industry in Iowa. The center will bring together the research-based information that is available from around the world, prepare instructional and informational materials, disseminate the information, and educate producers, public policy makers, and the public at large.

With the funding requested for FY 1998, the center will:

- Add new swine field specialists;
- Add staff to gather research results from Iowa State University and around the world, and prepare informational and instructional materials for producers, public policy makers, and the public at large; and
- Add new farm management and agricultural engineering field specialists.

The Board Office recommended \$150,000 for FY 1998.

	FY 1998		FY 1999	
	<u>Request</u>	<u>Recommendation</u>	<u>Request</u>	<u>Recommendation</u>
Iowa Beef Cattle Industry Center	\$150,000	\$150,000	\$0	\$0

Iowa State University officials proposed to use the requested funds for a Beef Cattle Industry Center to help Iowans make critical decisions that will have a large impact on the future of the beef cattle industry in Iowa dealing with areas such as feed lots, use of drugs, genetics, value pricing, and the branding of products.

The center will coordinate and bring together the research-based information available nationally and around the world that is relevant to informational, technical, economic, public policy, and natural resource related issues. The center will develop and manage information databases, and prepare and disseminate instructional and informational materials that are useful to producers, public policy makers, and the public at large.

The Board Office recommended \$150,000 for FY 1998.

	FY 1998		FY 1999	
	<u>Request</u>	<u>Recommendation</u>	<u>Request</u>	<u>Recommendation</u>
Family Farm Financial Analysis	\$150,000	\$0	\$0	\$0

ISU Extension manages a program called Farm Aid, which provides direct financial analysis and planning for family farms through a sophisticated computer program. Educational support is provided by field specialists in farm management and extension faculty in the Department of Economics.

Financial support has been provided by ISU Extension with supplemental funding provided by Lutheran Social Services of Iowa for the past two years; this latter funding source will be exhausted in 1996 and the needs of the program are increasing.

The requested funds would enable Iowa State University to expand this program to serve Iowa farm families who are currently experiencing serious financial difficulty due to crop problems in southern Iowa three of the past four years, a badly depressed cattle market, and escalating cash rent prices.

Fees for services rendered would be charged on an ability-to-pay basis. The Board Office recommended the funding of this initiative from internal reallocations and external fund sources.

	FY 1998		FY 1999	
	<u>Request</u>	<u>Recommendation</u>	<u>Request</u>	<u>Recommendation</u>
Facilitating Tourism through Iowa History	\$500,000	\$0	\$0	\$0

University officials requested funding for an initiative to support professorships and scholarly and artistic activities; development of publications, information, and exhibits; and lecture/discourse programs to promote tourism in Iowa. The Board Office recommended the funding of this initiative from internal reallocations and external fund sources.

	FY 1998		FY 1999	
	<u>Request</u>	<u>Recommendation</u>	<u>Request</u>	<u>Recommendation</u>
Technology Transfer	\$300,000	\$300,000	\$500,000	\$0

Iowa State University's Institute for Physical Research and Technology (IPRT) has been laying the foundation for a comprehensive set of programs that will benefit Iowa business and industry in both the near and long terms.

IPRT is involved in three types of activities: short-term problem solving services, intermediate-term technology transfer commercialization and services, and long-term developmental research for technology commercialization in Iowa. The first category of services involves three problem-solving services: the Industrial Incentive Program, the Iowa Companies Assistance Program, and the Iowa Demonstration Laboratory for nondestructive evaluation applications. Through the second category of services, IPRT has initiated programs with community colleges to transfer advanced manufacturing technologies and to transfer nondestructive evaluation technologies. The IPRT Center for Advanced Technology Development (CATD) has developed a method to create new commercial entities and to improve the commercial competitiveness of existing businesses by managing developmental research so as to reduce the entrepreneurial risk in commercializing such technologies. The requested funding will be used by CATD in its commercialization activities to extend its services more broadly across the university.

The Board Office recommended funding of \$300,000 in FY 1998.

	FY 1998		FY 1999	
	<u>Request</u>	<u>Recommendation</u>	<u>Request</u>	<u>Recommendation</u>
Fire Service Training	\$100,000	\$0	\$100,000	\$0

University officials requested funding for an initiative to improve the quality and quantity of fire service training offered to fire fighters throughout the state. The funds will be used to increase the use of distance education technologies such as the ICN, and improve access to training in areas such as hazardous materials management and management of chemical, industrial, and agricultural fires. The funding will increase the access of small local fire departments to training programs that are otherwise not available in Iowa.

The Board Office recommended the funding of this initiative from internal reallocations and external fund sources.

FY 1998

FY 1999

GENERAL
July 18, 1996

	<u>Request</u>	<u>Recommendation</u>	<u>Request</u>	<u>Recommendation</u>
Leadership in Information Technology	\$1,500,000	\$600,000	\$2,500,000	\$600,000

The requested funding would provide for development of a university-wide, leading-edge information technology network including:

- Improvement of the campus Internet infrastructure to support more complex and sophisticated information networks.
- Conversion of the campus to an intranet-based environment.
- Replacement or upgrading of 1,600 workstations and 9,000 microcomputers to support new technical processing requirements.
- Enhancing instructional facilities by adding media display, control equipment, and computer connectivity to an additional 125 classrooms.
- Improving Internet access.

The Board Office recommended \$600,000 in both FY 1998 and FY 1999.

		FY 1998		FY 1999
	<u>Request</u>	<u>Recommendation</u>	<u>Request</u>	<u>Recommendation</u>
ADA Compliance	\$150,000	\$0	\$150,000	\$0

Iowa State University completed a thorough and detailed assessment of the campus for compliance with the Americans with Disability Accessibility Guidelines for Buildings and Facilities (ADAAG) in March, 1994. University officials completed a detailed assessment of 150 buildings, parking lots, sidewalks, and grounds in order to develop cost estimates and timetables for structural changes on campus that are necessary to achieve greater accessibility.

Special Purpose

Funding recommended for special purpose appropriations was as follows:

GENERAL
July 18, 1996

	FY 1998		FY 1999	
	<u>Request</u>	<u>Recommendation</u>	<u>Request</u>	<u>Recommendation</u>
Small Business Development Center	\$1,252,449	\$1,242,824	\$1,282,491	\$ 1,262,952
Leopold Center	568,162	567,025	571,710	569,402
Livestock Disease Research	279,989	278,783	283,753	281,305
Research Park/ISIS	<u>373,579</u>	<u>372,398</u>	<u>377,265</u>	<u>374,868</u>
Total	\$2,474,179	\$2,461,030	\$2,515,219	\$2,488,527

Minimal adjustments were recommended for general inflation, consistent with all other budget unit recommendations.

	FY 1998		FY 1999	
	<u>Request</u>	<u>Recommendation</u>	<u>Request</u>	<u>Recommendation</u>
Small Business Development Center	\$1,252,449	\$1,242,824	\$1,282,491	\$1,262,952

The Iowa Small Business Development Center (SBDC) is a significant service provider for small business in Iowa. There are sixteen non-ISU offices across the state.

	FY 1998		FY 1999	
	<u>Request</u>	<u>Recommendation</u>	<u>Request</u>	<u>Recommendation</u>
Leopold Center for Sustainable Agriculture	\$568,162	\$567,025	\$571,710	\$569,402

The Leopold Center for Sustainable Agriculture supports research, demonstration, and education programs throughout the state to develop profitable farming systems that conserve natural resources. The center uses a combination of competitive grants, interdisciplinary research teams, coordination of information transfer, and publications to provide support services.

The general fund support for the Leopold Center is devoted to the competitive grant program operated by the center. In addition to state appropriated funds, the center conducts interdisciplinary programs, educational programs, and administration with approximately \$1 million received from the Agricultural Management Account.

	FY 1998		FY 1999	
	<u>Request</u>	<u>Recommendation</u>	<u>Request</u>	<u>Recommendation</u>
Livestock Disease Research	\$279,989	\$278,783	\$283,753	\$281,305

The Livestock Disease Research Program provides funding for research projects of major importance to the livestock industry of Iowa. The program is administered through the College of Veterinary Medicine with major advisory involvement of the Iowa Livestock Health Advisory Council (ILHAC). The membership of this organization

includes representatives from the major livestock commodity groups and the Iowa Veterinary Medical Association.

Proposals were prepared by faculty in response to notification by the Associate Dean for Research and evaluated competitively by the College Research Advisory Committee. Final review and judgment regarding approval and level of funding is made by the ILHAC.

	FY 1998		FY 1999	
	<u>Request</u>	<u>Recommendation</u>	<u>Request</u>	<u>Recommendation</u>
Research Park/ISIS	\$373,579	\$372,398	\$377,265	\$374,868

Iowa State University previously has received funding from the Wallace Technology Transfer Foundation for technology transfer efforts.

Begun in 1988, the Iowa State University Research Park has developed into a major growth center in the central Iowa region for technology related businesses which represent and are served by the university's core technology strengths. The Park and its business incubator program, the Iowa State Innovation System (ISIS), now serve 25 on-site businesses or organizations which employ over 460 people in two multi-tenant facilities and two buildings owned by the companies occupying them — Extrema Products, Inc. a division of Edge Technologies, and AMPC, Inc.

New space totaling 22,500 square feet was recently constructed and was being leased to new tenants. Engineering Animation, Inc., is constructing 39,000 square feet of new space and AMPC is constructing an 11,325 square foot addition.

ISIS has graduated 15 companies to date and houses 13. The Park and ISIS serve as a contact point for companies which need assistance from Iowa State University to further develop technologies and advance their business skills and market penetrations. Both programs represent substantial private real estate investment and public sector investments in infrastructure and business support services for resident and affiliate companies.

Funding was recommended at the same level as in the past to fund technology transfer and commercialization efforts and the business support of new technology based firms in the Iowa State University Research Park and Iowa State Innovation System.

President Jischke stated that the Board Office recommendations regarding Iowa State University's operating budget were inadequate. There were two issues for which he pleaded with the Board to reinforce the university's priorities. The first was the reengineering engineering education initiative. He said the Regents would hear later in

the meeting from the Dean of the College of Engineering about the remarkable progress taking place in the College of Engineering. College officials were proposing fundamental changes, from teaching-oriented to learning-oriented engineering education. Teaching would go from faculty centered to student centered. President Jischke stressed that engineering education at Iowa State University is pivotal to the state of Iowa including the continuing education needs of the engineering community in the state. It is also key to technology transfer. For example, Engineering Animation is capitalized at \$120 million/year. He said Iowa State University is the largest source of engineering talent in the state. It has the 11th largest engineering program in the U.S. In the fall Iowa State University will have more national merit scholars than any other college or university in the state.

President Jischke stated that the Board's endorsement of the university's request was not a guarantee that the university would get the funds from the state but it would give them the opportunity to seek the funds. He said that for the Board to not endorse this initiative would be to walk away from what the university is doing and the university's strategic plan. He noted that over the last few years Iowa State University officials had raised a record amount of private funds including the largest outright cash gift in university history.

The second initiative for which President Jischke requested Board endorsement was graduate student assistant stipends. He said university officials had invested \$1/4 million in graduate fellowships from the Miller Foundation. University officials wish to move in the direction of full tuition remission over time to be competitive. He cautioned that if they ignore this issue, it will lead to other consequences.

President Jischke requested that the Board increase the Board Office recommendation to include funds for the reengineering engineering education initiative and for the graduate student assistant stipends. He asked that the 2 percent increase recommendation of the Board Office be increased to at least 3.85 percent which he believed was modest and appropriate.

ACTION: President Newlin stated the Board received the report on the FY 1998 and FY 1999 general fund operating budget request for Iowa State University and preliminary Board Office recommendations, by general consent.

(c) University of Northern Iowa. The Board Office recommended the Board receive the report on the FY 1998 and FY 1999 general fund operating budget requests of the University of Northern Iowa and Board Office preliminary recommendations.

The Board Office preliminary recommendation for state appropriations for operations for the University of Northern Iowa was \$77,866,327 (+2.3 percent) for FY 1998 and \$79,313,041 (+1.9 percent) for FY 1999.

The recommended amounts were exclusive of funds for Regent salary increases because salary policy will not be established until after collective bargaining agreements are concluded next spring.

The university's request for state appropriations for operations was \$80,673,009 (+6.0 percent) for FY 1998 and \$85,211,009 (+5.6 percent) for FY 1999.

Incremental appropriations for FY 1998 and FY 1999 as requested by the university and recommended by the Board Office were as follows:

	FY 1998		FY 1999	
	<u>Request</u>	<u>Recommendation</u>	<u>Request</u>	<u>Recommendation</u>
Salary Annualization	\$ 110,000	\$ 90,000	\$ 0	\$ 0
Inflation	612,000	453,328	637,000	472,704
Building Repairs	488,000	435,000	488,000	435,000
Opening New Buildings	408,000	383,000	288,000	139,000
Improving Undergraduate Education	1,200,000	0	1,200,000	0
Institutional Initiatives	<u>1,750,000</u>	<u>400,000</u>	<u>1,925,000</u>	<u>400,000</u>
	<u>\$4,568,000</u>	<u>\$1,761,328</u>	<u>\$4,538,000</u>	<u>\$1,446,704</u>

Salary annualization funding of \$90,000 for 1998 was recommended to pay merit salaries increments and benefits for which commitments have already been made.

Inflation funding for goods and services was recommended at 2 percent for general expenses and utilities and 8.5 percent for libraries.

Building repair funding was recommended based on a 100-year building life phased in over a four-year period.

Opening new building costs were based on an anticipated opening date of June 1997 for the Wellness Recreation Center and January 1999 for the Performing Arts Center.

The Board Office recommended that requests for undergraduate education be funded through the proceeds from the tuition rate increases to be set in the fall and reallocations. The Board Office recommended the funding of requests for child care through reallocations.

The recommended additional appropriations for institutional initiatives includes \$400,000 in FY 1998 and FY 1999 for the Integrated Systems Technology initiative, which includes acquisition of personal productivity tools for faculty and staff — hardware, software, and training — to ensure that the benefits of the university's major investment in technology infrastructure are realized.

The FY 1998 and FY 1999 recommendations assume continuation of the following items at the current level of funding:

- The Criminal Justice Program, included as a first-time appropriation of \$175,000 in FY 1997 from the Criminal Justice Appropriation bill.
- Teacher Education, which received a non-recurring state appropriation of \$171,845 in FY 1997.
- The Recycling and Reuse Center, funded at \$239,745 in FY 1997.
- The Metal Casting Center, which received state appropriation funding of \$160,000 in FY 1997.

President Koob stated that the universities spend a significant amount of time performing strategic planning on their campuses. To have the first public exposition of the Board Office response to the university's budget request not be congruent with the strategic plan that has been approved by the Board leads to a credibility gap. He suggested the creation of a more collegial relationship between the Board and the universities to reduce the adversarial characteristic of this process by perhaps extending the consultative period before the information becomes public. He appealed to the Regents to think about the image which is created by having a presentation about the budget which does not exhibit congruence between the Board goals and university goals. He asked for more opportunity to iron out any differences between the university's perception of strategic planning goals and how those ought to be reflected in the budget before coming into a situation like this where the universities are put at somewhat of a disadvantage.

The second issue which President Koob addressed was inflation. He asked for recognition that inflation is a real issue which requires university officials to reallocate continually. He stated that the university should at least receive adequate compensation for inflation.

President Koob stated that the third issue relating to budget construction which he wished to address was one of productivity, which is a structural issue for the universities. He said this matter was brought to his attention about mid-year when it was suggested that university officials reallocate some funds from the salary budget to the operations budget. The justification for the request, which he noted was a good request, was the difficulty of another university some years ago in which the apparent

salary budget was larger than the number of people actually being supported by it. He cautioned that the very budget rules being used in this example elicit that kind of behavior. Equipment, supplies and services for faculty ought to increase at a slower rate than the cost of personnel in general. Therefore, the total increase in a budget which emphasizes the equipment, supplies, and services side as opposed to numbers of positions would be less because the percentage increase on people is higher than the percentage increase on things. He cautioned that the problem with that philosophy is that it runs directly contrary to experience of industry in terms of increasing productivity. Productivity increases occur when one capitalizes one's employees by giving them the best tools possible to do their jobs. Productivity increases when the tools increase at least as fast as the people. He said he wanted the Board members to be aware that if university officials ask for increases in the capitalization of faculty and staff that they are making a plea to improve the productivity of the institution.

Regent Pellett stated that President Koob's comments were very well taken. She agreed that the Board should look at future appropriations request development as a means of working together with the universities to accomplish their goals. She noted that the Regents encourage university officials to do strategic planning and be creative as far as programming and initiatives.

Mr. Richey stated that the difference between President Koob's requests and the Board Office recommendations for his budget was not in the strategic plan but rather was in the financing for the strategic plan. He noted that President Koob was requesting an increase in appropriations for the highest priority of the University of Northern Iowa's strategic plan. The Board Office recommended the use of tuition rate increase proceeds and reallocations pending further discussions. He stressed that it was not an issue of priorities. It was an issue of financing; the ability of the state to finance and the ability of the Board of Regents to request the financing.

Regent Pellett asked to add to her earlier comments "within the boundaries of projected resources that will be available".

President Newlin referred to Dr. Koob's comments regarding productivity. He asked whether the integrated systems technology for which there was a recommendation of \$400,000 speaks to that point. President Koob responded affirmatively.

President Koob proceeded to discuss the University of Northern Iowa's specific budget requests and the corresponding Board Office recommendations. He referred to the university's unique role with regard to teacher education and the demands being placed on teachers in the state. One of the problems schools are facing is in dealing with disabled students. The most employable teachers are those who are certified in a second language or in special education. He asked the Board for special consideration

of the university's initiative for students who are not able to come to campus, noting that those individuals should have access to a public education. Present Board policy does not speak to the issue of place-bound students having a right to a public higher education. The final request for which President Koob asked the Board's consideration was in the public service area for the Institute for Decision Making. He said the institute is extraordinarily successful. The demand for services far exceeds the university's ability to financially support the demand. He asked for the Board's view on whether or not those services ought to be supported by the state or whether they should be offered on a pay-as-you-go basis.

Regent Tyrrell referred to the Institute for Decision Making and asked whether the members of the community who request the services pay a part of the cost. President Koob responded that the university currently supports the entire cost.

Regent Tyrrell suggested that university officials consider whether it might be feasible to assess a modest portion of the cost for services.

Regent Dorr referred to President Koob's discussion regarding the special needs of K-12 students. He said he found it peculiar that over one-half of the students in Iowa now require some special educational process. It is politically sensitive to address the disability issues; however, it is not particularly politically sensitive to bore in on other issues such as environmental issues. He said that in reviewing the budget requests it appeared to him that where it was politically appropriate to build the budget, university officials were willing to do so. At some point there has to be some leadership involved in determining how many of these issues the universities can tackle. He believes it truly is outrageous that as a Board they are not recommending the funding for improving undergraduate education initiatives that were requested by the institutions. On the other hand, he said it was equally outrageous that the institutions were not being told that they cannot be all things to all people and to remove certain initiatives.

Regent Dorr asked that the students of Iowa be provided with quality undergraduate education. The precious resources should be allocated toward that end. He asked also that the Board become a little pragmatic about the ability to take care of everything that everybody wants. It would be unfortunate if the Board is not able to fund improving undergraduate education in a manner that the institutions request because of other initiatives.

President Koob said he agreed with the need for institutional focus. He then referred to the issue of students with disabilities, and said it was an issue of which Iowa students should have access. He said the current demand in the state for teachers who deal with students who need some special help or need to have access to education to become productive members of our society is not presently being met. The University of Northern Iowa is an institution that can do a good job of meeting those needs.

ACTION: President Newlin stated the Board received the report on the FY 1998 and FY 1999 general fund operating budget requests of the University of Northern Iowa and Board Office preliminary recommendations, by general consent.

(d) Iowa School for the Deaf. The Board Office recommended the Board receive the report on the FY 1998 and FY 1999 general fund operating budget request of the Iowa School for the Deaf and preliminary Board Office recommendations.

The Board Office recommendation for state appropriations for operations for the Iowa School for the Deaf for FY 1998 was \$7,029,160 (+1.4 percent) and FY 1999 was \$7,117,524 (+1.3 percent).

The general fund appropriation included \$15,000 for technology, an amount appropriated annually for five years by SF 2063.

The recommended amounts were exclusive of funds for Regent salary increases because salary policy will not be established until after collective bargaining agreements are concluded next spring.

The Iowa School for the Deaf's request for state appropriations for operations for FY 1998 was \$7,346,274 (+6.0 percent) and FY 1999 was \$7,787,051 (+6.0 percent).

Incremental appropriations for FY 1998 and FY 1999 as requested by the school and recommended by the Board Office were as follows:

FY 1998	FY 1998	FY 1999	FY 1999
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GENERAL
July 18, 1996

	<u>Request</u>	<u>Recommendation</u>	<u>Request</u>	<u>Recommendation</u>
Salary Annualization	\$ 11,420	\$11,420	\$ 0	\$ 0
Inflation	42,486	28,569	43,809	29,641
Building Repairs	52,865	58,723	52,865	58,723
Institutional Initiatives	<u>309,055</u>	<u>0</u>	<u>344,103</u>	<u>0</u>
Total	\$415,826	\$98,712	\$440,777	\$88,364

Salary annualization funding of \$11,420 for 1998 was recommended to pay merit salaries increments and benefits for which commitments have already been made.

Inflation funding for goods and services was recommended at 2 percent for general expenses and utilities and 8.5 percent for libraries.

Building repair funding was recommended based on a 100-year building life phased in over a four-year period.

The Board Office recommended that current funds be reallocated to fund the institutional initiatives requested by the school.

Superintendent Johnson reviewed the school's budget request. He asked for special consideration of institutional initiatives including the career opportunity program for students and the summer program. He noted that the summer program enrollment had increased from 25 students last year to almost 60 students this year. He stated that at some point in time the state of Iowa will need to address the needs of its citizens who are deaf and who also have mental health problems.

ACTION: President Newlin stated the Board received the report on the FY 1998 and FY 1999 general fund operating budget request of the Iowa School for the Deaf and preliminary Board Office recommendations, by general consent.

(e) Iowa Braille and Sight Saving School. The Board Office recommended the Board receive the report on the FY 1998 and FY 1999 general fund operating budget request of the Iowa Braille and Sight Saving School and preliminary Board Office recommendations.

The Board Office recommendation for state appropriations for operations for the Iowa Braille and Sight Saving School for FY 1998 was \$3,962,081 (+2.3 percent) and FY 1999 was \$4,042,976 (+2.0 percent). The general fund appropriation included \$15,000 for technology, an amount appropriated annually for five years by SF 2063.

The recommended amounts were exclusive of funds for Regent salary increases because salary policy will not be established until after collective bargaining agreements are concluded next spring.

The Iowa Braille and Sight Saving School's request for state appropriations for operations for FY 1998 was \$4,105,306 (+6.0 percent) and FY 1999 was \$4,242,725 (+5.3 percent).

Incremental appropriations for FY 1998 and FY 1999 as requested by the school and recommended by the Board Office were as follows:

	<u>FY 1998</u> <u>Request</u>	<u>FY 1998</u> <u>Recommendation</u>	<u>FY 1999</u> <u>Request</u>	<u>FY 1999</u> <u>Recommendation</u>
Salary Annualization	\$ 10,116	\$10,116	\$ 0	\$ 0
Inflation	22,850	14,972	23,599	15,422
Building Repairs	25,820	65,473	25,820	65,473
Institutional Initiatives	<u>175,000</u>	<u>0</u>	<u>165,000</u>	<u>0</u>
	\$233,786	\$90,561	\$214,419	\$80,895

Salary annualization funding of \$10,116 for 1998 was recommended to pay merit salaries increments and benefits for which commitments have already been made.

Inflation funding for goods and services was recommended at 2 percent for general expenses and utilities and 8.5 percent for libraries.

Building repair funding was recommended based on a 100-year building life phased in over a four-year period.

The Board Office recommended that current funds be reallocated to fund the institutional initiatives requested by the school.

Superintendent Thurman reviewed the school's budget request from a programming need basis versus a fiscal viewpoint. He provided the Regents with information on current students from hometowns of Regents and described how the school's initiatives would address the needs of those students. He noted that on July 10 the Bankers Trust retirement club of central Iowa visited the Iowa Braille and Sight Saving School. At the conclusion of their visit a woman told him that she hoped the school gets all of the tax support it needs!

ACTION: President Newlin stated the Board received the report on the FY 1998 and FY 1999 general fund operating budget request of the Iowa Braille and

Sight Saving School and preliminary Board Office recommendations, by general consent.

(f) Regional Study Centers. The Board Office recommended the Board receive the reports on the regional study centers FY 1998 and FY 1999 state of Iowa operating budget requests and the Board Office preliminary recommendations.

Recommended state of Iowa appropriation amounts for FY 1998 and FY 1999 were as follows:

Center	FY 1997 Iowa Appropriation Base	FY 1998 Recommended Amount from State of Iowa	FY 1999 Recommended Amount from State of Iowa
Quad-Cities Graduate Study Center	\$158,230	\$159,345	\$160,493
Tri-State Graduate Study Center	76,778	\$ 77,541	\$ 78,327
Southwest Iowa Regents Resource Center	106,109	\$107,005	\$107,918

The recommendations included a 2.0 percent general inflationary cost increase based on the Iowa share of the centers' FY 1997 non-personnel costs.

Salary and fringe benefit increases will be considered as part of the Regents' overall salary policy and were not reflected in this recommendation.

The FY 1997 appropriation for the Southwest Iowa Regents Resource Center included \$20,000 to establish an Internet connection and develop a computer lab to be located adjacent to the ICN room at the Iowa School for the Deaf and \$10,000 to increase the coordinator position from .5 FTE to .67 FTE.

The FY 1998 recommendation retains the \$20,000 used to fund the computer laboratory and Internet connection; these funds will be used to increase the positions of coordinator and secretary to approximately .87 FTE.

The regional study centers requested the following amounts from the state of Iowa for FY 1998 and FY 1999:

Center	FY 1997 Iowa Appropriation Base	FY 1998 Requested Amount from State of Iowa	FY 1999 Requested Amount from State of Iowa
Quad-Cities Graduate Study Center	\$158,230	\$176,500	\$185,000
Tri-State Graduate Study Center	76,778	79,081	81,453
Southwest Iowa Regents Resource Center	106,109	122,687	123,987

The request of the Quad-Cities Graduate Study Center was based upon equal funding from the states of Illinois and Iowa. The Tri-State Graduate Study Center requested funding based upon a 3 percent increase in income from all sources. The request of the Southwest Iowa Regents Resource Center included an additional \$7,875 to make full-time the coordinator's and secretary's positions.

With the completion of additional ICN classrooms in the area, the potential of telecommunications delivery for courses and programs to Southwest Iowa can be realized; several ICN sites will be established for the Bachelor of Liberal Studies degree.

The service area of the center is being expanded to include six additional Western Iowa counties.

The request for additional funding of positions will be reviewed between now and the September Board meeting.

In September the universities will be presenting to the Board a plan for distance learning; the plan will include all of the regional study centers and other distance learning activities.

ACTION: President Newlin stated the Board received the reports on the regional study centers FY 1998 and FY 1999 state of Iowa operating budget requests and the Board Office preliminary recommendations, by general consent.

(g) Lakeside Laboratory. The Board Office recommended the Board receive the report on the FY 1998 and FY 1999 general fund operating budget request of Lakeside Laboratory and preliminary Board Office recommendations.

The Board Office preliminary recommendation for operations of the Lakeside Laboratory was \$306,573 for FY 1998 and \$308,400 for FY 1999; this amount will be funded from the operating budgets of the universities and will be revised to reflect FY 1997 salary adjustments which had not yet been made.

The request from the Lakeside Laboratory totaled \$307,468 for operations for FY 1998 and \$310,236 for operations for FY 1999.

Inflation of 2.0 percent was recommended as follows:

	FY <u>Request</u>	1998 <u>Recommendation</u>	FY <u>Request</u>	1999 <u>Recommendation</u>
General and Utilities	\$2,687	\$1,792	\$2,768	\$1,827

The Board Office preliminary recommendations for capital improvements for FY 1999 included \$140,000 to winterize and upgrade laboratory facilities; this amount was not included in the operating budget request. No other increases were requested.

ACTION: President Newlin stated the Board received the report on the FY 1998 and FY 1999 general fund operating budget request of Lakeside Laboratory and preliminary Board Office recommendations, by general consent.

(h) Board Office Budget for Fiscal Year 1998 and 1999. The Board Office recommended the Board receive the preliminary budget request for the Board Office for fiscal years 1998 and 1999.

The proposed budget for fiscal year 1998 utilized the base budget for fiscal year 1997 as adjusted by price inflation and by the recommendations of the Pappas study. The proposed budget provided for 2 percent price inflation for all purchased goods and services, salary annualization as required by the merit system pay plan, and one additional position plus computer equipment as recommended during the Pappas study. The increase in appropriations would be 13.6 percent. The salary and benefits for the Director of Policy recommended by the Pappas study was included at \$110,700. An additional \$40,000 was included in the request for further computerization of the office. Those items were included for the convenience of the Board. Both of these amounts are subject to elimination or adjustment based on the additional work to be done by the consultants and the decision of the Board following that study.

The proposed budget continues the part-time position of Associate Director of Human Resources/Affirmative Action Officer offset by savings in the business and finance position jointly financed by the institutions.

The proposed budget for fiscal year 1999 assumed the same level of activity and expenditure as fiscal year 1998 as adjusted by 2 percent for price inflation.

ACTION: President Newlin stated the Board received the preliminary budget request for the Board Office for fiscal years 1998 and 1999, by general consent.

CAPITAL IMPROVEMENT REQUESTS FOR FY 1999. The Board Office recommended the Board (1) receive reports on the FY 1999 capital improvement requests of the universities and special schools and the Board Office preliminary recommendations of \$80,421,000 for FY 1999; (2) receive the report on the FY 1999 capital improvement request of a special project for the University of Iowa Hygienic Laboratory; and (3) receive preliminary tuition replacement appropriation requests of \$28,084,075 for FY 1998 and \$28,637,057 for FY 1999.

Institutional officials did not request capital funding for FY 1998 per the agreement with Governor Branstad last January. The Board Office preliminary recommendations do not include funding for that year.

A capital program of \$66.1 million was recommended by the Governor and authorized by the 1996 General Assembly for the FY 1997 - FY 1998 period.

The institutions requested capital funding of \$112,126,000 for FY 1999; the Board Office general fund preliminary recommendations for capital improvement projects total \$80,421,000 for FY 1999. New construction and renovation projects were recommended as follows:

		FY 1999 <u>Recommendation</u>
ISU	Intensive Livestock Research Facilities, Phase 2	\$ 9,270,000
SUI	Medical Education & Biomedical Res. Facility	27,000,000
UNI	Lang Hall Renovation	12,900,000
ISU	Engineering Teaching and Research Complex, Phase 2	20,900,000
UNI	Physics Building Renovation	3,900,000
SUI	Macbride Hall Remodeling	3,000,000

The major projects were recommended in the priority order of the Board's request last year except that University of Iowa officials replaced the Biology Renovation/Addition, Phase II, with the remodeling of Macbride Hall and Iowa State University officials

replaced Gilman Hall Addition - Systems Upgrade with Phase 2 of the Engineering Teaching and Research Complex.

Funds were requested for the Gilman Hall and the Biology renovation projects in FY 2000.

Fire safety and deferred maintenance needs were addressed as follows:

- The sum of \$1.1 million was recommended for fire and environmental safety and \$2.175 million was recommended for deferred maintenance.
- Additional fire safety and deferred maintenance needs were addressed as part of the following major remodeling projects recommended for funding:

SUI Macbride Hall Remodeling
UNI Lang Hall Renovation
UNI Physics Building Renovation

The sum of \$140,000 was recommended in FY 1999 to winterize and upgrade facilities at the Iowa Lakeside Laboratory.

University of Iowa Hygienic Laboratory (UHL) officials requested \$1.75 million in planning funds for FY 1999 for a special project to construct a new free-standing facility of approximately 93,000 gross square feet on the Oakdale campus. Construction funds of \$21.55 million are shown on the laboratory's five-year plan for FY 2000.

Because the capital needs of the UHL are not directly comparable to other university educationally-based capital needs, this capital request was presented separately for consideration by the Board and by other state health and environmental authorities which utilize the services of UHL. This project will be reviewed between now and the September meeting; other state health and environmental authorities which the utilize the services of UHL will be consulted.

Tuition replacement appropriations represent an ongoing commitment of the Governor and General Assembly to meet the debt service cost of Academic Building Revenue Bonds. The preliminary recommendation for FY 1998 totals \$28,084,075; the preliminary recommendation for FY 1999 is \$28,637,057.

FY 1999 Capital Improvement Requests

ISU - Intensive Livestock Research Facilities (\$9.27 million)

The sum of \$2 million was authorized during the 1994 legislative session to plan the two phases of this project (Kildee Hall/Meats Laboratory Additions and Livestock Infectious Disease Isolation Facility).

Construction funds were appropriated by the 1996 General Assembly for the Kildee Hall/Meats Laboratory Additions; construction funds were recommended for the Livestock Infectious Disease Isolation Facility (LIDIF) to be located at the Veterinary Medical Research Institute.

The schematic design for the LIDIF was approved by the Board in April 1995. The facility of approximately 28,000 gross square feet will be used for studies on pathogenesis of infectious organisms, immunity enhancement, and food safety and will be used to evaluate the efficacy of new and improved vaccines and drugs.

SUI - Medical Education & Biomedical Research Facility (\$27 million)

At its May 1996 meeting the Board authorized the university to proceed with project planning for the Capital Plan for the Health Sciences Campus, Related Medical Education and Biomedical Research Facilities, including the Medical Education and Biomedical Research Facility.

The preliminary cost estimate for the facility and related site development and relocation costs is \$69.8 million to be financed by the \$27 million requested from the state and a combination of gifts, earnings and indirect cost support of the College of Medicine.

The new facility will consist of approximately 159,000 gross square feet including an instructional wing of 57,000 gross square feet and a research wing of approximately 102,000 square feet.

ISU - Engineering Teaching and Research Complex, Phase 2 (\$20.9 million)

The sum of \$11 million was authorized by the 1996 General Assembly for Phase 1 construction; the sum of \$20.9 million in state funds was requested in FY 1999 for Phase 2 construction.

The sum of \$4.2 million from the ISU Foundation/future Federal Aviation Administration grant will be added to the state request for a total Phase 2 project of \$25.1 million. For

the total project approximately one-half of the funds will come from the state and the other half from federal and private sources.

Phase 2 will total approximately 98,500 gross square feet including construction of a building east of Bissell Road to house offices and laboratories for the Department of Aerospace Engineering and Engineering Mechanics and Institute for Physical Research and Technology.

UNI - Lang Hall Renovation (\$12.9 million)

The sum of \$12,900,000 was recommended to renovate this 93,200 gross square foot major classroom facility constructed in 1900. Lang Hall is used by four departments: English Language and Literature, Modern Languages, Philosophy and Religion and Military Science.

The project will completely renovate the facility, including interior and exterior modifications and mechanical and electrical system upgrades. Fire safety deficiencies and building structural deficiencies will be corrected.

UNI - Physics Building Renovation (\$3.9 million)

Renovation of the 29,025 GSF Physics Building, which was constructed in 1906, will upgrade the building's exterior and interior, including the mechanical and electrical systems, providing a safe and functional educational environment. The project was identified as a major priority in the College of Natural Sciences' study of scientific classrooms and laboratories on campus.

SUI - Macbride Hall Remodeling (\$3.0 million)

This project will renovate significant portions of Macbride Hall, a Pentacrest building constructed in 1904. Included are the addition of a second elevator, auditorium renovations and the remodeling of the south portion of the building in conjunction with HVAC improvements.

Regents - Lakeside Laboratory Improvements (\$140,000)

The sum of \$140,000 was recommended to begin to winterize and upgrade Lakeside Laboratory facilities. The maintenance and development of these facilities has long been neglected. Mahan Hall and the Mess Hall need to be insulated, the roofs need to be replaced, and heating/cooling units and bathrooms installed.

Projects requested but not recommended for funding in FY 1999 include:

University of Iowa

Health Sciences Campus Infrastructure
Instructional Technology Facility Remodeling
Bowen Science Building - Laboratory Modernization

University of Northern Iowa

Steam Distribution System Replacement, Phase I
East Gym Renovation (planning)

Iowa School for the Deaf

Recreation Complex (planning)

Iowa Braille and Sight Saving School

Campus-Wide Refurbishing

Many of these projects are included in the outyears (FY 2000 - FY 2002) of the Board Office preliminary recommendations for the five-year general fund capital priority plan.

Last year the Board recommended projects totaling \$77.5 million for FY 1997; projects totaling \$66.1 million were authorized.

Hygienic Laboratory Special Request

University of Iowa Hygienic Laboratory officials requested \$1.75 million in planning funds for FY 1999 for a special project to construct a new free-standing facility of approximately 93,000 gross square feet on the Oakdale campus. A request for construction funds of \$21.55 million was included in FY 2000 on the laboratory's five-year plan.

Because the capital needs of the UHL are not directly comparable to other university educationally-based capital needs, this capital request was presented separately for consideration by the Board and by other state health and environmental authorities which utilize the services of UHL. This project will be reviewed between now and the September Board meeting; other state health and environmental authorities which the utilize the services of UHL will be consulted.

Tuition Replacement Appropriation

Tuition replacement appropriations represent an ongoing commitment of the Governor and General Assembly to meet the debt service cost of Academic Building Revenue Bonds.

The preliminary recommendation for FY 1998 totaled \$28,084,075; the preliminary recommendation for FY 1999 was \$28,637,057.

FY 1997 tuition replacement expenditures were estimated at \$27,584,426.

The FY 1997 education appropriation bill requires the Board of Regents, Department of Management and Legislative Fiscal Bureau to determine and agree upon, by November 15, 1996, the amount that needs to be appropriated for tuition replacement for the fiscal year beginning July 1, 1997. Board Office staff will be working with the Department of Management and Legislative Fiscal Bureau to refine the FY 1998 estimate during fall 1996.

Tuition and fee revenues are used for debt service payments on academic building revenue bonds; the tuition replacement appropriation replaces that university revenue.

The tuition replacement needs are comprised of debt service payments (principal and interest), less the net interest earned on the bonds' reserves and investment earnings of bond proceeds during construction.

The Board's financial advisor, Springsted, Inc., projects tuition replacement needs for each campus based on known debt service obligations and the universities' estimates of investment earnings. The tuition replacement appropriation request may require modification due to changing interest rates, or speed of construction draws among other factors.

Mr. Richey reviewed the information with the Regents.

President Coleman commented on the capital improvement requests for FY 1999 and the 5-year capital improvement plan. She said she was pleased about the recommendation for the medical education and biomedical research facility which was critical to the university's success. She noted that it was a very good leverage project for the state. In fiscal year 2000 it is very important that the biology project be funded. Also within the 5-year plan it was important to secure funding for the Seashore Hall project. She noted that the building was part of the original hospital building for the campus. These projects are critical to the liberal arts department. She then asked that Vice President Manasse address the needs of the hygienic laboratory.

Vice President Manasse reviewed the history of the State Hygienic Laboratory which was established in 1904 by legislative action. He noted that there is only one other state which has a public health laboratory as part of a state university. He was very privileged last year to recruit a leader in public health in the form of Mary Gilchrist to direct its operations. The University Hygienic Laboratory is currently located in the former tuberculosis hospital on the Oakdale campus. There is a serious need to begin constructing a replacement facility.

Director Gilchrist discussed some of the activities of the laboratory. She asked that the Board of Regents support the request to build a new building on the Oakdale campus.

President Jischke discussed the capital needs of Iowa State University. He expressed appreciation to the people of Iowa and Governor Branstad for the capital program approved for this year. He stated that the recommendations for capital expenditures in 1998 and 1999 and the 5-year plan very much reflected the priorities of Iowa State University.

President Koob reminded the Regents of the urgency felt by University of Northern Iowa officials for the Lang Hall facility which is the largest classroom facility on campus. He was pleased that the project had been included in the recommendations for funding from the legislature. He concluded by stating that he was generally pleased with the 5-year plan.

Superintendent Johnson stated that two areas at Iowa School for the Deaf needed special attention: 1) fire safety and 2) recreation building. He said school officials had been requesting the recreation building for a number of years. He noted that the current facility was built in the early-1930s.

Superintendent Thurman discussed three categories of overall needs of Iowa Braille and Sight Saving School. The first category was the needs of disabled students for accessibility -- physical, visual and cognitive. He noted that accessibility was not just a matter of building a ramp and putting Braille on an elevator. The second category of need was general campus refurbishing. He noted that the Iowa Braille and Sight Saving School campus contained one of the oldest buildings in state government. School officials are looking at a campus refurbishing plan that will address specifically what needs to be done. Superintendent Thurman recently contacted Dr. Lee Thompson who previously agreed to help prepare a refurbishing plan for the school. He said Dr. Thompson has hurt his back and cannot work with school officials for nearly a year to develop the plan. He said school officials are tempted to wait for him to recover from his back injury before proceeding with the refurbishing plan. The third category of capital need was for general deferred maintenance.

ACTION: President Newlin stated the Board, by general consent, (1) received reports on the FY 1999 capital improvement requests of the universities and special schools and the Board Office preliminary recommendations of \$80,421,000 for FY 1999; (2) received the report on the FY 1999 capital improvement request of a special project for the University of Iowa Hygienic Laboratory; and (3) received preliminary tuition replacement appropriation requests of \$28,084,075 for FY 1998 and \$28,637,057 for FY 1999.

FIVE-YEAR CAPITAL IMPROVEMENT PLAN, FY 1998 - FY 2002. The Board Office recommended the Board (1) receive the Board Office preliminary recommendation of \$237,693,000 for the five-year general fund capital program for FY 1998-FY 2002; (2) give preliminary approval of the five-year program request of \$47,116,000 for the University of Iowa Hospitals and Clinics; (3) receive the report on all funds five-year capital plans for the universities and special schools, including the request of a special project for the University of Iowa Hygienic Laboratory; and (4) receive the report on the five-year plan for Lakeside Laboratory.

The institutions submitted all funds five-year capital plans (FY 1998 - FY 2002) totaling \$597,487,000. Of this amount, funding from the state in the amount of \$311,616,000 was requested by the universities and special schools.

The Board Office preliminary recommendation for general (infrastructure) funds for FY 1998 - FY 2002 included projects totaling \$237,693,000. Other funds totaling \$46,931,000 will be available for the recommended projects. The recommendation was more realistic than the institutional requests in terms of available resources.

A special request for state funds of \$23,300,000 to replace the University of Iowa Hygienic Laboratory facility at Oakdale was made. This request will be reviewed between the July and September Board meetings; other state health and environmental authorities which utilize the services of UHL will be consulted.

The five-year plan of the University of Iowa Hospitals and Clinics totals \$47,116,000 to be funded from hospital building usage funds.

In response to a request at the June Board meeting, a five-year plan (FY 1997 - FY 2001) for the Lakeside Laboratory was prepared; the plan totals \$1,911,600 and would be financed with funds from the universities, Friends of Lakeside Laboratory, housing

revenues and private sources. The Board Office preliminary recommendation for the state-funded five-year capital priority plan included \$280,000 of the funds which in Lakeside Laboratory's plan would have been provided by the universities.

Capital Request Program FY 1998 - FY 2002

The Board Office preliminary recommendation was for a five-year capital improvement request program of \$237.7 million. In addition, \$46.9 million in funds from other sources will be utilized for the recommended projects.

All state agencies must submit five-year capital project priority plans to the Legislative Capital Projects Committee no later than November 1 of each year.

The Board is required by statute to submit a five-year building program to the General Assembly at the beginning of each legislative session. There were no requests or recommendations for the first year of the five-year plan (FY 1998).

The institutional capital improvement state requests and Board Office preliminary recommendations for FY 1999 - FY 2002 were as follows:

<u>Institution</u>	<u>Total Request</u>	<u>Total Recommendation</u>
SUI	\$105,558,000	\$ 91,872,000
ISU	104,620,000	84,570,000
UNI	90,700,000	55,700,000
ISD	9,816,000	4,910,000
IBSSS	922,000	361,000
Regents/Lakeside Lab		280,000
Total	<u>\$311,616,000</u>	<u>\$237,693,000</u>

The recommendations focus on academic/instructional facilities; they identify and provide for critical needs related to the missions of each institution. Major remodeling was emphasized. The Board Office preliminary recommendations continue the theme of previous years by placing a high priority on environmental health and safety and deferred maintenance.

Institutional officials requested state funding for capital projects totaling \$311.6 million for the five-year period.

Funding was recommended in some cases in a fiscal year different than the year in which it was requested. The recommended amounts differ in some cases from the amounts requested.

Deferred maintenance funding was reduced from a total request of \$47.4 million to a recommendation of \$29.9 million. Fire safety and deferred maintenance items will also be incorporated into the major remodeling projects recommended for funding.

It was recommended that most utility projects at the University of Iowa be funded from other than state appropriations for that purpose.

It was recommended that the lower priority institutional projects be deferred into the out years.

The Board Office preliminary recommendation for a five-year plan was realistic in light of projected available revenue and addresses relative needs among the institutions. Approval of this five-year capital program does not constitute approval of specific projects but was an estimate of future capital needs.

University of Iowa Hospitals and Clinics

The Board Office preliminary recommendation included the University of Iowa Hospitals and Clinics' five-year requested plan of \$47.1 million to be financed with patient-generated revenues. The projects were summarized by type as follows:

	<u>(\$ Thousands)</u>
New Construction	\$20,929
Remodeling/Renovation	21,449
Fire and Environmental Safety	<u>4,738</u>
Total	\$47,116

All projects listed on the five-year plan will be brought forward for specific project approval by the Board.

All Funds Five-Year Capital Plans

These capital plans include projects planned to be funded from all sources and were required by the Board of Regents Procedural Guide.

Other fund sources in addition to capital appropriations and UIHC patient-generated revenue include: operating budget building renewal funds, income from treasurer's temporary investments, auxiliary service or enterprise funds (utility, telecommunications and residential systems), Iowa Department of Transportation institutional roads program, gifts and grants, and departmental renewal and replacement funds.

The all-funds institutional totals which include the Board Office preliminary recommendations for the five-year general fund capital program, the UIHC program, the special request from the University of Iowa Hygienic Laboratory and other funds were summarized below:

<u>Institution</u>	<u>Amount</u>
SUI	\$256,269,000
ISU	186,794,000
UNI	75,230,000
ISD	4,910,000
IBSSS	<u>361,000</u>
Total	\$523,564,000

The Board was asked to receive this section of the report; the proposed projects were subject to further review and availability of funding and specific project approval by the Board.

Lakeside Laboratory Five-Year Program, FY 1997 - FY 2001

In response to a request at the June Board meeting a five-year plan (FY 1997 - FY 2001) for the Lakeside Laboratory was prepared; the plan totals \$1,911,600 and would be financed with funds from the universities, Friends of Lakeside Laboratory, housing revenues and private sources.

Of the total cost, 18 percent would be funded from the three Regent universities in the form of a \$70,000 per year add on to the base budget for a period of five years, 29 percent would be borrowed and repaid from increased housing revenues, and the remaining 53 percent would come from private sources including the Friends of Lakeside Laboratory.

The plan was unanimously approved by the Lakeside Laboratory Steering Committee as a reasonable approach to addressing the long-term capital needs of the laboratory in a conference call held on July 1, 1996.

The Board Office recommended that \$70,000 be provided by the universities only for FY 1997. The Board Office preliminary recommendation for the state-funded five-year capital priority plan included \$280,000 for improvements at the laboratory, including \$140,000 in FY 1999.

The capital plan builds on the goals and objectives set by the Board of Regents several years ago and was consistent with the laboratory's master plan which calls for transforming the laboratory into a year-round facility. By becoming a year-round facility,

the laboratory will be able to serve more effectively students at the Regent universities and other colleges during the summer and academic year, and will be able to develop programs for high, middle and grade school students during the academic year.

The projects detailed in the plan will repair an exposed section of sewer line that freezes in the winter, provide for winterized classrooms, and increase the availability of winterized housing.

Projects included for FY 1997 are the repair of the sewer line and construction of a water quality laboratory.

Mr. Richey reviewed the information provided to the Regents for this item. He said that what was recommended by the Board Office was the most reasonable amount that could be expected to be funded over the five-year period.

President Jischke stated that the physical plant of Iowa State University has a \$2 billion replacement value. Over next 5 years university officials anticipate \$200 million in expenditures, less than one-half of which was being requested from the state.

ACTION: President Newlin stated the Board, by general consent, (1) received the Board Office preliminary recommendation of \$237,693,000 for the five-year general fund capital program for FY 1998-FY 2002; (2) gave preliminary approval of the five-year program request of \$47,116,000 for the University of Iowa Hospitals and Clinics; (3) received the report on all funds five-year capital plans for the universities and special schools, including the request of a special project for the University of Iowa Hygienic Laboratory; and (4) received the report on the five-year plan for Lakeside Laboratory.

INSTITUTIONAL ROADS PROGRAM. The Board Office recommended the Board (1) approve the recommended six-year institutional roads program for calendar years 1997 through 2002 totaling \$8,127,265, including projects totaling \$1,353,235 for 1997; and (2) receive the list of identified, unfunded institutional roads needs at the Regent institutions totaling \$21,029,587.

Funds for reconstruction, improvements and maintenance of the roads and streets at the Regent institutions are provided by the State Parks and Institutional Roads Program of the Iowa Department of Transportation.

The 1997 allocation to the Board of Regents was \$1,770,841 of which \$417,606 was allocated by the Department of Transportation to the maintenance reserve fund, leaving \$1,353,235 for capital projects. The 1997 allocation was \$102,164 higher than the allocation for calendar year 1996.

The recommended institutional roads program for 1997 for capital projects totaled \$1,353,235, as follows:

University of Iowa	\$ 521,029
Iowa State University	521,471
University of Northern Iowa	260,735
Iowa School for the Deaf	15,000
Iowa Braille and Sight Saving School	<u>35,000</u>
Total	\$1,353,235

The Regents' six-year institutional roads program, 1997 through 2002, totaled \$8,127,265, as follows:

University of Iowa	\$3,214,029
Iowa State University	3,228,826
University of Northern Iowa	1,614,410
Iowa School for the Deaf	25,000
Iowa Braille and Sight Saving School	<u>45,000</u>
Total	\$8,127,265

The institutions have identified unmet institutional roads needs totaling \$21,029,587.

MOTION:

Regent Lande moved to (1) approve the recommended six-year institutional roads program for calendar years 1997 through 2002 totaling \$8,127,265, including projects totaling \$1,353,235 for 1997; and (2) receive the list of identified, unfunded institutional roads needs at the Regent institutions totaling \$21,029,587. Regent Tyrrell seconded the motion. MOTION CARRIED UNANIMOUSLY.

PROPOSED REVISIONS TO REGENT CAPITAL IMPROVEMENT PROCEDURES.

The Board Office recommended the Board approve revisions to the Board of Regents Procedural Guide related to capital improvement procedures (Chapter IX) to include a section on construction management as detailed below.

At its June 1996 meeting the Board authorized the institutions to work with the Board Office to develop procedures relative to construction management to be included in Chapter 9 of the Board of Regents Procedural Guide, to be presented for Board approval at the July meeting.

Since the June meeting Board Office staff and institutional representatives have been working on revisions to the Guide to include a section on construction management. The addition of the following section was proposed:

9.05 A. 3 Construction Manager Services

When the institution proposes to use construction management services in lieu of a general contractor on a project or when the proposed construction management service provides for the construction manager's financial participation in the project, the institution will obtain approval from the Board of the proposed process, including approval of the responsibilities of the construction manager and the selection process to be used.

The provision of other professional, specific services by construction managers is subject to procedures governing architects and engineering consultants as detailed in this Chapter of the *Procedural Guide*.

Other changes to Chapter IX were necessitated by this addition.

Under the proposed procedures, specific Board approval would be required to use construction management services when the construction manager acts as a general contractor on the project, including coordination of contractors and sub-contractors.

Specific Board approval would be required when the construction manager participates financially in the project, including assignment of construction contracts after award by the Board of Regents, or award of a construction contract to the construction manager if bids are rejected by the Board.

Other construction management services, including review of the program, preparation of preliminary estimates of construction cost and schedules, constructability analysis of plans and specifications or construction inspection when undertaken without the services referenced in the proposed section 9.05 A.3.a. above would be governed by other policies included in Chapter IX.

MOTION: Regent Kennedy moved to approve revisions to the Board of Regents Procedural Guide related to

GENERAL
July 18, 1996

capital improvement procedures (Chapter IX) to include a section on construction management, as presented. Regent Mahood seconded the motion.
MOTION CARRIED UNANIMOUSLY.

UNIT COST STUDY FOR 1994-95. The Board Office recommended the Board receive the unit cost of instruction reports for 1994-95.

Regent university general fund unit costs studies were prepared in alternate years since 1962-63. The formula for computation of the basic unit cost remains essentially unchanged since that time.

The cost of instruction per student ("unit cost") represents the general fund-supported cost of instruction of a full-time equivalent (FTE) student at a given level.

The 1994-95 composite unit cost of instruction for the Regent universities were as follows:

GENERAL FUND
1994-95 COMPOSITE COST OF INSTRUCTION

	<u>SUI</u>	<u>ISU</u>	<u>UNI</u>	<u>TOTAL REGENT UNIVERSITIES</u>
Lower Division	\$ 5,022	\$ 5,761	\$ 4,752	\$ 5,266
Upper Division	<u>8,555</u>	<u>8,034</u>	<u>7,785</u>	<u>8,148</u>
Subtotal	6,850	7,048	6,530	6,860
Undergraduate				
Master's	13,263	8,884	10,002	11,486
Advanced Graduate	22,686	11,407	13,307	16,623
Professional	<u>23,960</u>	<u>39,840</u>	<u>0</u>	<u>26,521</u>
Grand Total/Composite	\$10,836	\$ 8,211	\$ 7,012	\$ 9,047

The average undergraduate unit cost is used as a basis to determine the funding goal for the Iowa Tuition Grant Program. Unit costs also are considered in establishing tuition rates, reviewing the program emphasis of the universities, and measuring instructional productivity and cost benefits.

The composite unit cost of instruction for a Regent FTE student in 1994-95 was \$9,047, an increase of 10.3 percent over the 1992-93 period; during the same two-year period, the Higher Education Price Index increased 6.3 percent. This increase results from a 7.6 percent rise in expenditures, coupled with a 2.5 percent decline in FTE enrollment over the two-year period.

The University of Iowa composite unit cost of instruction of \$10,836 in 1994-95 was highest of the Regent universities, largely as a result of costly advanced graduate- and professional-level programs. The 12.0 percent increase in unit cost over the two-year period results from increased instruction-related costs and a 1.9 percent decline in enrollment.

The composite unit cost of instruction at Iowa State University in 1994-95 was \$8,211, which represented an increase of 8.2 percent over the two-year period. This was primarily because of a 2.6 percent decrease in enrollment, plus increases in instructional costs.

The composite unit cost of instruction at the University of Northern Iowa in 1994-95 was \$7,012, which represented an increase of 9.8 percent over the two-year period, primarily because of increased expenditures for instruction and instruction-related activities, while enrollment declined by 3.3 percent.

The composite undergraduate unit cost was \$6,850 at the University of Iowa, \$7,048 at Iowa State University and \$6,530 at the University of Northern Iowa.

The total Regent composite unit cost ranged from \$5,266 for a lower division undergraduate student to \$26,521 for a professional-level student.

President Newlin asked about the increase of 5 percent/year over a 2-year period. Mr. Richey responded that most of the increase was in salary policy of the state.

Regent Dorr asked for a comparison to peer institutions or industry in general. Mr. Richey responded that in reviewing data included in a publication called Grapevine Iowa's Regent universities' rates were not at all above average.

Regent Dorr cautioned that there were some emerging trends.

ACTION: President Newlin stated the Board received the unit cost of instruction reports for 1994-95, by general consent.

REPORT OF THE BANKING COMMITTEE. The Board Office recommended the Board accept the report of the Banking Committee, approve the selection of the Board's financial advisor and authorize a Request for Proposals for master lease agreement.

Regent Kennedy stated that last month the Banking Committee members interviewed financial advisor candidate firms. The Banking Committee recommended this month the selection of Springsted, the Board's current financial advisor.

MOTION: Regent Kennedy moved to select Springsted as financial advisor. Regent Smith seconded the motion. **MOTION CARRIED UNANIMOUSLY.**

Regent Kennedy stated that the Board of Regents currently has a master lease agreement with Norwest. The Banking Committee recommended the Board authorize the issuance of a Request for Proposals for a master lease agreement. It was anticipated that the selection would take place in October.

Regent Kennedy noted that the docket memorandum for the Banking Committee report included approval of "financing for the Laundry Replacement Facility at the University of Iowa"; however, the Banking Committee members removed the Laundry Replacement Facility financing from the recommended action because it was felt that this capital project should have full Board discussion.

Vice President True discussed the background concerning the request of University of Iowa officials for a laundry replacement facility including a laundry consultant's study and resulting report recommendation.

Director Howell provided a perspective from University of Iowa Hospitals and Clinics officials regarding the need for a laundry replacement facility. He said the laundry is one of the vital services to the hospital. There are concerns about infectious disease that have to be addressed in the handling of laundry. The distance of the laundry to the hospital is another issue. He noted that alternatives had been reviewed, which he described.

Regent Lande asked about the feasibility of putting the project out for bid and reviewing the results with the alternative of building and owning the facility.

Vice President True stated that there would be the issue of controlling costs with a single contractor. There would be no competition with one supplier of the service, which would not serve to control costs and which is, therefore, unacceptable to the University of Iowa Hospitals and Clinics. He said a long-term, i.e. 10-year, contract is not competitive unless there are price guarantees.

MOTION: Regent Kennedy moved to approve the laundry replacement facility project and to finance the project through the master lease. Regent Smith seconded the motion.

Mr. Staley elaborated on some of the points that had already been made, from the perspective of University of Iowa Hospitals and Clinics.

Regent Tyrrell referred to the amount of funds available through the master lease financing program and cautioned that the funds for the other institutions not be jeopardized. Mr. Richey responded that \$10.7 million was currently available.

Vice President True said he did not believe that the financing of this project would affect access to other institutions' capital needs in the future.

Regent Dorr stated he did not believe that an adequate offer had been made to the private sector to provide laundry services to the university. He stressed that in his tenure the Regents had never succeeded in outsourcing. This continual pattern bothered him.

VOTE ON THE MOTION: Motion carried with Regent Dorr voting "no".

ACTION: President Newlin stated the Board accepted the report of the Banking Committee, by general consent.

REGENT AFFILIATED ORGANIZATION REPORTS. The Board Office recommended the Board receive reports on the following affiliated organizations:

- a. Iowa State University Committee for Agricultural Development
- b. Iowa State University Agricultural Foundation

The annual reports and financial information of the organizations presented in this report are on file at the Board Office.

Committee for Agricultural Development

The Iowa State University Committee for Agricultural Development (CAD) was organized in 1943. Working jointly with ISU researchers, CAD purifies, increases, and distributes seed and germplasm of crop varieties developed by researchers from state experiment stations in the north central region and USDA.

This activity assists the experiment station in its research programs by producing and distributing soybean, forage crop, small grain, horticulture crop, and corn seeds of Iowa Experiment Station approved varieties.

The Board of Trustees is comprised of farmers and/or seed producers and Iowa State University officials.

Funds generated by CAD operations are used for grants-in-aid to Iowa State University research projects. During the past 40 years, these grants have totaled several hundred thousand dollars.

An independent audit for the year ended December 31, 1995, conducted by the firm of D. D. Pyle Company, CPA, found that CAD complied in all material respects. For the year ended December 31, 1995, operating revenues of \$631,910 and operating expenses of \$235,853 yielded operating income of \$396,057. With the inclusion of other revenues

and expenses, the excess of revenue over expenses of the unrestricted fund was \$893,798.

The committee reported net worth of \$3,425,650 for the unrestricted fund and \$235,298 for the restricted endowment fund for the year ended December 31, 1995.

Agricultural Foundation

The Iowa State University Agricultural Foundation was organized in 1938 with a grant of nine farms and a \$100,000 contingency fund from C.R. Musser. Three more farms were added by Mr. Musser in 1941. The twelve farms, which were to be used for scientific and educational purposes, ranged in size from 120 to 320 acres. They provided a variety in soil and farming types and were representative of distressed, rented farms.

The goals of the Agricultural Foundation from its inception were to improve the income of family farms through practical, economical, and profitable methods of production and management. Other objectives included developing and providing opportunities for young people to enter commercial agriculture, improving family living conditions of the farm operators on the farms owned and controlled by the Agricultural Foundation, and documenting and disseminating the results of these objectives to the general public through teaching, research, and Cooperative Extension programs of Iowa State University.

As agricultural technology changed over the years, the Agricultural Foundation gradually shifted to test demonstration farms; during this evolution, some farms reorganized and others were sold.

The annual financial review by David M. Klatt, CPA, for the year ended December 31, 1995, reported sales of \$242,924 and operating expenses of \$47,899. After other revenues and expenses, the excess of revenues over expenses was \$715,529.

The review reported a fund balance of \$1,709,382 as of December 31, 1995. This represented an increase of \$488,551 over the beginning of year balance, including the excess of revenues over expenses (\$715,529) and an equity change in inventory (-\$226,978).

ACTION: The Board received reports on Iowa State University affiliated organizations, by consent.

President Newlin welcomed Representative Steve Churchill to the afternoon session of the Board of Regents meeting.

BOARD OFFICE PERSONNEL TRANSACTIONS. The Board Office reported there were no transactions on its Register of Personnel Changes.

APPROVAL OF VENDORS WITH POTENTIAL CONFLICT OF INTEREST. The Board Office recommended the Board approve the request of Iowa State University to add Conway and Schulte, Global Reach Internet Productions, and Leon Apt to the list of approved vendors with a potential conflict of interest.

Marcy Schulte and William Conway are partners in Conway and Schulte and faculty members of the Department of Architecture at Iowa State University. Conway and Schulte wish to provide professional services to Iowa State University, including architecture, graphic design, photographic services, product/furniture design and urban/landscape design.

Marcy Schulte states that there is no conflict of interest since the partners do not have authority over the Iowa State University purchasing process.

Iacovos Zacheriades owns stock in Global Reach Internet Productions and is a member of the Journalism Department at Iowa State University. Global Reach wishes to provide Internet and World Wide Web development to Iowa State University, including Web page design and development, electronic publishing, Web marketing, Internet training and consulting, virtual store fronts and electronic community networks. Iacovos Zacheriades has no influence on purchasing decisions of any department and/or the university.

Global Reach will elect to refrain from conducting business with the Department of Journalism at Iowa State University as long as Iacovos Zacheriades works for the department.

Leon Apt is a professor of history at Iowa State University and wishes to sell text books he co-edited to the university bookstore. Professor Apt states that there is no comparable text available at any price that meets the educational goals for History 201 and History 202 (History of World Civilizations) and that the text was reviewed by the History Department, Iowa State University and the Provost and has their approval.

In addition to the conflict of interest provisions, sales of such course materials must also comply with a university royalty distribution policy or that there is no personal gain from the sale to courses where the faculty member is teaching.

The 1990 Session of the General Assembly in House File 2057 amended Section 68B.4 of the Code of Iowa, which prohibits an official or employee of a regulatory agency from selling goods or services to the agency of which the individual is an official or employee.

The amendment allowed for exceptions to the prohibition if certain conditions are met, including prior authorization of such sales by roll call vote of the Board.

MOTION: Regent Tyrrell moved to approve the request of Iowa State University to add Conway and Schulte, Global Reach Internet Productions, and Leon Apt to the list of approved vendors with a potential conflict of interest. Regent Kennedy seconded the motion, and upon the roll being called, the following voted:
AYE: Dorr, Kennedy, Lande, Mahood, Newlin, Pellett, Smith, Tyrrell.
NAY: None.
ABSENT: None.

MOTION CARRIED UNANIMOUSLY.

BOARD MEETINGS SCHEDULE. The Board Office recommended the Board approve the Board Meetings Schedule.

September 17-18, 1996	University of Iowa	Iowa City
October 16-17	University of Northern Iowa	Cedar Falls
November 20-21	Iowa State University	Ames
December 17		Des Moines
January 15, 1997	Telephonic	
February 19-20	University of Iowa	Iowa City
March 19-20	Iowa State University	Ames
April 16	Iowa Braille and Sight Saving School	Vinton
April 17	University of Northern Iowa	Cedar Falls
May 21-22	Iowa School for the Deaf	Council Bluffs
June 18-19	Lakeside Laboratory	Okoboji

Regent Dorr asked why the meeting dates were being changed. President Newlin responded that it was primarily to accommodate his schedule.

Regent Pellett stated that the April 1997 revised meeting dates conflict with Regent Dorr's schedule and that is his last meeting as a Regent.

Regent Dorr stated that if the Board meeting were held on Wednesday with committee meetings on Tuesday it would be much better for his schedule.

GENERAL
July 18, 1996

President Newlin asked the Board Office to contact each of the Regents to further revise the April 1997 meeting date to accommodate Regent Dorr's schedule.

ACTION: President Newlin stated the Board accepted the Board Meetings Schedule, by general consent.

President Newlin then asked Board members and institutional officials if there were additional general or miscellaneous items for discussion. There were none.

STATE UNIVERSITY OF IOWA

The following business pertaining to the State University of Iowa was transacted on Thursday, July 18, 1996.

RATIFICATION OF PERSONNEL TRANSACTIONS. The Board Office recommended the Board ratify personnel transactions, as follows:

The Register of Personnel Changes for June 1996 had not been received in the Board Office and would be reported next month.

Title changes in the Office of the Vice President for Finance and University Services, as follows:

Director of Facilities Services to Associate Vice President and Director of Facilities Services

Controller to Controller and Assistant Vice President.

President Coleman stated that in taking on the presidency of the University of Iowa she knew that she would have the advantage of the strong leadership team already in place. She said that team has made her first six months in office run very smoothly and she was very grateful for the help of that team. Now two of those colleagues are ready to move on to other challenges. This was their last Board meeting.

President Coleman first addressed Vice President Henri Manasse. She said he was brought to the University of Iowa to do what seemed at the time almost not doable -- to bring all of the elements of the university's health sciences center together to stimulate closer collaboration among all units. Key leadership positions were on hold. The College of Medicine had been served by interim deans for several years. The position of the Director of University of Iowa Hospitals and Clinics had been open for quite some time. Vice President Manasse arrived on campus and took on all of those issues. Now, three years later, the University of Iowa has three new deans in the health sciences colleges and a new Director for the University of Iowa Hospitals and Clinics. All of the units have moved together to become a true health sciences center. Vice

President Manasse created a sense of shared identity and purpose in the health sciences center and set a course for the clinical enterprise. He was now headed for a position as CEO and Executive Vice President of the American Society of Health System Pharmacists in Bethesda, MD. She noted that Vice President Manasse would remain as an adjunct faculty member since he is going to be seeing some graduate students through completion of their dissertations; therefore, he will be on campus on occasion. Henri is also a member of the President's Club as one of the highest level supporters of the university. President Coleman thanked Henri Manasse for all that he has done for the University of Iowa and wished him the very best with his exciting new career.

Vice President Manasse thanked President Coleman for her kind words. He then thanked the Regents for their tremendous support for a variety of efforts. Many small group meetings had been held where they discussed serious issues of significant challenges in positioning the health sciences center. He stated that this was a team effort between those at the university, Mr. Richey, the Board Office staff and the Regents. He concluded by stating that he very much appreciated the opportunity to serve Iowa in this role.

President Coleman asked to take this opportunity to thank Sam Becker, Interim Provost. She said Interim Provost Becker came out of retirement for the second time to help her as she made the transition into the job of President of the University of Iowa. She relied heavily on Sam's administrative strengths and deep knowledge of the university through his 56-year association with it. She admires his incredibly good common sense; he is an inexhaustible source of insider wisdom. Interim Provost Becker has an innate sense of what is right and is one of the most down-to-earth people she has ever known. In moments of tension, Sam says exactly the right thing to ease a situation, which she said is an extremely important quality for a provost because so much of the job is dealing with people. The provost deals with faculty promotion and tenure issues, hiring, assisting departments in recruiting, students -- particularly the disgruntled -- along with their parents. She said Sam Becker has done this with aplomb. He has kept university officials on track and moving aggressively forward during this interim period. She thanked Interim Provost Becker for all that he has done.

Interim Provost Becker stated that he has been very fortunate to have been at the University of Iowa all the years that he has. He stated that his greatest title is that of teacher. He referred to problems that have been experienced in public higher education in other states and expressed his appreciation that even in the toughest kinds of discussion at the Board level, the primary concern is with the quality of education. He said those who are school teachers appreciate that.

President Newlin, on behalf of the Board of Regents, expressed appreciation to both Vice President Manasse and Interim Provost Becker for their invaluable services.

MOTION: Regent Pellett moved to ratify personnel transactions, as presented. Regent Dorr seconded the motion. MOTION CARRIED UNANIMOUSLY.

NAME CHANGE. The Board Office recommended the Board refer the proposed name change of the Iowa Urban Community Research Center to the Interinstitutional Committee on Educational Coordination and the Board Office for review and recommendation.

University of Iowa officials proposed to change the name of the Iowa Urban Research Center (IUCRC) to the Center for Crime, Law, and Social Control. The change will broaden the scope of the center consistent with the recommendations of an external review of the Department of Sociology, and the sociology department's strategic plan of 1995.

The proposed change will result in the center being a interdisciplinary center for the study of crime, violence, law and society's attempts to control crime.

There will be no financial implications for this change.

ACTION: This matter was referred by consent.

REGISTER OF CAPITAL IMPROVEMENT BUSINESS TRANSACTIONS. The Board Office recommended the Board approve the university's capital register.

APPROVAL OF PROGRAM STATEMENTS AND DESIGN DOCUMENTS

Relocation of Student Health Services

University officials requested approval of the project program for the relocation of the Student Health Service. The service presently occupies approximately 15,000 gross square feet on two levels of the Steindler Building. The service provides a full range of primary care services with a heavy emphasis on disease prevention and health education. Beyond the 38,000 annual clinic visits, the service's educational workshops and consultations serve over 17,000 students each year.

The program for the relocated Student Health Service calls for the renovation of approximately 13,000 gross square feet of space located on two floors of Westlawn and

the construction of a three story addition of approximately 7,000 gross square feet for a total of 20,000 gross square feet. The building addition is required to meet the Service's programmatic need to include all primary care clinical functions on a single level and in a configuration that will permit an operationally and functionally efficient design. Non-primary care clinical services and educational and staff support facilities and offices will be located on the second level. Elevators will be installed to provide access between each level of the Service and to make each level of Westlawn accessible for the physically challenged. The new and remodeled facilities will be developed to meet all contemporary codes and building standards as they relate to free-standing outpatient facilities.

Project costs were estimated at \$3.5 million. Funding for the project would be provided from a combination of sources including student health services balances, treasurer's temporary investment funds and borrowed funds. Repayment of the borrowed funds would be provided through the establishment of a student health facility fee, which will be included in the university's tuition and fee recommendations for consideration by the Board at the September meeting.

Vice President Manasse stated that this project was the first major request of university officials as part of the health sciences center master plan.

PROJECT DESCRIPTIONS AND BUDGETS

Laundry Facility Replacement \$3,800,000
Source of Funds: Master Lease Program

Preliminary Budget

Construction	\$ 1,218,000
Equipment and Installation	2,300,000
Design, Inspection and Administration	122,000
Contingencies	<u>160,000</u>
TOTAL	<u>\$ 3,800,000</u>

University officials requested approval of a project description and budget in the amount of \$3,800,000 for the development of a replacement laundry facility. Approval of the project was deferred in June pending approval of master lease financing by the Banking Committee, which considered this request at its meeting on Wednesday, July 17.

The university laundry facility is in need of replacement. A replacement facility is essential for maintaining high quality and low cost laundry services to university departments, particularly the University of Iowa Hospitals and Clinics. The current facility

processes approximately 8 million pounds of soiled material each year of which approximately 5.9 million pounds is from University Hospitals. The UIHC volume was expected to remain relatively constant for the foreseeable future. The Department of Residence Services, Iowa Memorial Union, Physical Plant and Hancher Auditorium are other large users among 160 units and departments served by the central laundry facility.

This project will replace the current 18,000 square foot outdated facility with a modern 27,000 square foot pre-engineered metal building and will replace the majority of the production equipment. The proposed building would be constructed on a minimum of three acres of leased land. Site improvements and utilities were also included in the project.

University officials proposed to finance the project through the master lease program with lease payments from laundry service revenues. Savings from operating efficiencies of the new plant are expected to be sufficient to fund the lease payments with no service rate increases anticipated.

* * * * *

University officials reported seven new projects with budgets of less than \$250,000. The titles, source of funds and estimated budgets for the projects were listed in the register prepared by the university. Included was the following project at the President's Residence.

President's Residence--Front Entrance Access Improvements \$80,000
Source of Funds: Building Renewal or Income from Treasurer's
Temporary Investments

Preliminary Budget

Construction	\$ 54,000
Design, Inspection and Administration	
Consultants	17,520
Architectural/Engineering Services	2,750
Contingencies	<u>5,730</u>
 TOTAL	 <u>\$ 80,000</u>

University officials requested approval of a project description and budget in the amount of \$80,000 to construct a wheelchair ramp on the west side of the front portico of the President's Residence. The new ramp will provide direct access to the front entrance of

the residence and will supplement an existing wheelchair lift that provides access to the house at the north public entrance.

The ramp will be located between the west side of the portico and the walk which enters the lawn from the southwest corner of the property. The ramp will be constructed on an altered grade which will be supported by a 32 foot brick and stone retaining wall. The project will include the construction of a set of stairs on the east side of the portico with a low wall to mirror the west retaining wall.

This project will provide accessibility for the many persons with disabilities who participate in various activities at the President's Residence. The facility is continuously utilized by large numbers of faculty, staff, students, alumni and others who are invited to university-sponsored events.

ARCHITECT/ENGINEER AGREEMENTS

Relocation of Student Health Services \$304,000
Baldwin White Architects, Des Moines, Iowa

University officials requested approval to enter into an agreement with Baldwin White Architects to provide design services for the Relocation of Student Health Services project. The agreement provides for a fee of \$304,000, including reimbursables.

Campus Fiber Optic Network--Project 10 \$205,000
MIS Laboratories, Watertown, WI

University officials requested approval to enter into an agreement with MIS Laboratories to provide engineering services for the project. The agreement provides for a fee of \$205,000, including reimbursables.

Laundry Facility Replacement \$88,000
Phillips and Associates, Arden Hills, MN

University officials requested approval to enter into an agreement with Phillips and Associates to provide documents needed for the design/build contract. The firm, which concentrates its consulting engineering work entirely in the field of laundry facilities, will put together the basic documents to allow design/build contractors to bid on the building portion on a fair and equal basis. The agreement provides for a fee of \$88,000, including reimbursables.

GENERAL
July 18, 1996

Iowa Advanced Technology Laboratories--Construct Laboratory in E121 \$71,400
Design Engineers, Cedar Rapids, Iowa

University officials requested approval to enter into an agreement with Design Engineers to provide design services for the project. The agreement provides for a fee of \$71,400, including reimbursables.

Campus Fiber Optic Network--Project 6, Telecommunication Closets \$63,670
Shive-Hattery, Iowa City, Iowa

University officials requested approval to enter into an agreement with Shive-Hattery to provide design services for the telecommunication closets. The agreement provides for a fee of \$63,670, including reimbursables.

Newton Road Parking Facility \$55,000
Herbert Lewis Kruse Blunck, Des Moines, Iowa

One of the components of the health sciences center master plan for which the university previously received authorization to begin the architectural selection process is the construction of a parking structure along the relocated Newton Road. The Architectural Selection Committee recommended the selection of Herbert Lewis Kruse Blunck Architecture to provide design services for the parking facility. The firm was selected based on its performance on many other university projects including its experience with two similar parking structure projects.

The agreement provides for a fee of \$55,000, including reimbursables. The fee will include the preparation of design development documents and budget estimates.

Trowbridge Hall--Correct Fire Safety Deficiencies \$40,000
Wehner Pattschull and Pfiffner, Iowa City, Iowa

University officials requested approval to enter into an agreement with Wehner Pattschull and Pfiffner to provide design development drawings, final construction documents, bidding and construction assistance as required. The agreement provides for a fee of \$40,000, including reimbursables.

GENERAL
July 18, 1996

Wendell Johnson Speech and Hearing Center--Correct Fire Safety \$34,020
Deficiencies

Baldwin White Architects, Des Moines, Iowa

University officials requested approval to enter into an agreement with Baldwin White Architects to provide design services to include final construction documents, bidding and construction assistance as required. The agreement provides for a fee of \$34,020, including reimbursables.

University Hospitals and Clinics--Development of a Hospital Information \$30,130
Systems Computer Facility

Hansen Lind Meyer, Iowa City, Iowa

University officials requested approval to enter into an agreement with Hansen Lind Meyer to provide design services for the development of a Hospital Information Systems computer facility on the mezzanine level of the Pomerantz Family Pavilion.

The agreement provides for a fee of \$30,130, including reimbursables. Hansen Lind Meyer will assist in the preparation of the project budget, which will be presented for Board approval in September.

Amendments:

Campus Fiber Optic Network--Project 4
\$38,320

Amendment #3

Shive-Hattery, Iowa City, Iowa

University officials requested approval of Amendment #3 to the agreement with Shive-Hattery for the Campus Fiber Optic Network--Project 4. The amendment will provide services associated with additional entrance facilities and the relocation and revision of facilities. Amendment #3 will not result in an increase in the total project budget.

Pharmacy Building Addition
\$7,350

Amendment #2

Brooks Borg and Skiles, Des Moines, Iowa

University officials requested approval of Amendment #2 to the agreement with Brooks Borg and Skiles for the Pharmacy Building Addition. The amendment will provide additional services for moving caissons, redesigning grade beam and adding a first floor stair connection. Amendment #2 will not result in an increase in the total project budget.

CONSTRUCTION CONTRACTS

Institute of Hydraulic Research Modeling Facility--Oakdale Campus--
Site and Building Utilities \$168,789

Award to: Hinman Contractor and Builder, Muscatine, Iowa
(2 bids received)

CHANGE ORDERS TO CONSTRUCTION CONTRACTS

West Campus Parking Ramp Expansion Change Order #10 \$160,000
McComas-Lacina Construction Company, Iowa City, Iowa

University officials requested approval of Change Order #10 in the amount of \$160,000 to the agreement with McComas-Lacina Construction Company. The change order will provide for finishing 4,800 square feet of space for a centralized transcription service.

ACCEPTANCE OF COMPLETED CONSTRUCTION CONTRACTS

Medical Laboratories--Renovate Research Laboratory
Aanestad Construction, Iowa City, Iowa

Lower Finkbine--Repair Flood Damage
L. L. Pelling Company, North Liberty, Iowa

University Hospitals and Clinics--Development of Overhead Patient, Visitor and Staff
Walkways Linking John Pappajohn Pavilion to Eye Institute and Other Clinical Services
in the South Pavilion
Merit Construction Company, Iowa City, Iowa

University Hospitals and Clinics--Development of an Eye Institute--Completion
McComas-Lacina Construction Company, Iowa City, Iowa

MOTION: Regent Mahood moved to approve the university's capital register, as presented. Regent Tyrrell seconded the motion. MOTION CARRIED UNANIMOUSLY.

LEASE OF PROPERTY. The Board Office recommended the Board approve the following lease:

University officials requested approval to enter into a lease as lessee with Mr. Brian Ho for the university's use of 3,600 square feet of space located at 102 Second Avenue,

Coralville, Iowa, for use by the University Hospitals and Clinics statewide Patient Transportation Program, at the rate of \$1,575 per month (\$5.25 per square foot, \$18,900 per year) for a 35-month period.

MOTION:

Regent Tyrrell moved to approve leases, as presented. Regent Kennedy seconded the motion, and upon the roll being called, the following voted:

AYE: Dorr, Kennedy, Lande, Mahood, Newlin, Pellett, Smith, Tyrrell.

NAY: None.

ABSENT: None.

MOTION CARRIED UNANIMOUSLY.

President Newlin then asked Board members and institutional officials if there were additional items for discussion pertaining to the University of Iowa. There were none.

IOWA STATE UNIVERSITY

The following business pertaining to Iowa State University was transacted on Thursday, July 18, 1996.

RATIFICATION OF PERSONNEL TRANSACTIONS. The Board Office recommended the Board approve personnel transactions, as follows:

Register of Personnel Changes for June 1996 which included eight requests for early retirement and two requests for phased retirement.

Provided for the Board's information was notification of the resignation of NORENE DALY as Dean of the College of Education, effective on or before July 31, 1996.

MOTION: Regent Pellett moved to approve the university's personnel transactions, as presented. Regent Dorr seconded the motion. MOTION CARRIED UNANIMOUSLY.

REQUEST FOR TERMINATION OF THE CENTER FOR PROFESSIONAL AND EXECUTIVE DEVELOPMENT. The Board Office recommended the Board refer the university's request to the Board Office and the Interinstitutional Committee on Educational Coordination for review and recommendation.

Iowa State University officials requested approval to terminate the Center for Professional and Executive Development. The primary reasons for this request were:

- The College of Business has another outreach vehicle, the Small Business Development Center (SBDC), which can assume many of the responsibilities of the CPED.
- The Office of Graduate Programs in the College of Business, building on its success with the Saturday MBA program, can and would implement more outreach and professional and executive programs.

University officials indicated that the outreach services now provided by the CPED can more effectively and efficiently be provided by the SBDC and the Office of Graduate programs in the College of Business. University officials indicated that this greater integration of outreach, teaching and research will enhance the quality and relevance of the activities in this area.

This action provides an opportunity for the college to reallocate resources presently used for the CPED for programs targeted in the strategic plan for the university.

ACTION: This matter was referred by consent.

ADOPT A RESOLUTION HONORING STANLEY AND HELEN HOWE. The Board Office recommended the Board adopt a resolution honoring Stanley and Helen Howe.

Iowa State University officials requested that the Board of Regents adopt a resolution honoring Stanley and Helen Howe for their gift of \$6 million to Iowa State University.

President Jischke stated that he was particularly pleased to ask the Board to both adopt a resolution honoring Stanley and Helen Howe of Muscatine, Iowa, and to approve the university's recommendation to name the new Engineering Teaching and Research Complex phase 1 building as Stanley and Helen Howe Hall. He noted that Mr. Howe was a graduate of Iowa State University's College of Engineering in 1946. Fifty years later, Mr. Howe has made the largest outright cash gift in the university's history of \$6 million as a leadership gift for the private fund-raising component of the Engineering Teaching and Research Complex. He said many of the Regents know the Howes personally. They are exemplary citizens of Iowa not only in the business world but in their civic contributions, as well. Mr. and Mrs. Howe embody the impact of public higher education in Iowa.

MOTION: Regent Lande moved to adopt a resolution honoring Stanley and Helen Howe. Regent Tyrrell seconded the motion. **MOTION CARRIED UNANIMOUSLY.**

PRESENTATION BY THE DEAN OF THE COLLEGE OF ENGINEERING ON RECENT DEVELOPMENTS IN THE COLLEGE AND ITS PLANS FOR THE FUTURE.

The Board Office recommended the Board receive the oral report by James Melsa, Dean of the College of Engineering.

Engineering as a profession has been described as undergoing revolutionary change as engineers learn to adapt rapidly to new technologies and the world-wide market in which they work.

GENERAL
July 18, 1996

Iowa State University officials place highest priority in strategic planning on the improvement of undergraduate education.

Since assuming the leadership of Iowa State University's second largest undergraduate college in July 1995, Dr. James Melsa has worked to devise a plan that transforms engineering education.

ISU is shifting its educational focus from an input model (teaching oriented) to an outcomes model (learning oriented) that is grounded in engineering practice through cooperative learning methodologies. Key components of cooperative learning are internship and industrial cooperative programs that unite science with practice.

Industrial partnerships with ISU are important as the curricula offered by the college are redeveloped to meet the needs of the changing state, national, and international arenas in which Iowa State University alumni practice. Enhanced partnerships have been developed with industries, community colleges, and four-year colleges throughout Iowa to provide the continuing education and professional development opportunities necessary for the practice of engineering today and in the future.

The Engineering Teaching and Research Center is seen as an important element in the University's effort to strengthen engineering undergraduate education and to offer professional development to Iowa's more than 10,000 engineers.

The Iowa State University budget provided information about how the university is allocating its FY 1997 resources to make undergraduate education improvements in the College of Engineering.

Dean James Melsa provided the Regents with a presentation on his insights into improving engineering education and his vision for the college. He reviewed the strategic direction of the college, key organizational leadership principles, a new model for engineering education, educational content, and partnerships. He concluded by thanking the Regents for the opportunity to serve the state of Iowa.

President Newlin expressed the Board's appreciation to Dean Melsa for his presentation. He said it was interesting to learn about the changes being planned relative to teaching-oriented and learning-oriented processes; destroying old paradigms and creating new ones.

ACTION: President Newlin stated the Board received the oral report by James Melsa, Dean of the College of Engineering, by general consent.

FOLLOW-UP REPORT ON DISCONTINUED SOCIAL WORK PROGRAM. The Board Office recommended the Board receive the follow-up report on the discontinuance of the social work program at Iowa State University.

Beginning fall 1996, the university will no longer offer a social work major to incoming students. Newly-admitted and currently-enrolled students, who have declared an intention to major in social work prior to the fall 1996, registration period will be allowed to continue in the major. These students will not be able to graduate with a major from an accredited program if they graduate after December 1996, the date that the accrediting association withdraws the program's accreditation status.

All of the university's students admitted to this program have been informed of the status of the program and of their options. As a result of extensive and careful communication and advising over the last several months, the Department of Sociology (which housed the social work program) has assisted all the social work students as they adjust to the discontinuation of the program.

ACTION: This report was received by consent.

REGISTER OF CAPITAL IMPROVEMENT BUSINESS TRANSACTIONS. The Board Office recommended that the Register of Capital Improvement Business Transactions for Iowa State University be approved

APPROVAL OF PROGRAM STATEMENTS AND DESIGN DOCUMENTS

Library Storage Building/Administrative Services Facilities Office Building

University officials requested approval of the program statement and schematic design. The proposed facility will consist of two buildings. The Library Storage Building will consist of 15,000 gross square feet. The majority of the space will be open warehouse space for the storage of books. There is also a small area that will accommodate the administrative functions associated with the storage area. These include loading, open storage and processing areas (stock check-in and recording), freezer (document preservation), and two small study areas for facility employees.

The Administrative Services Facilities Office Building will house the functions of Extension Communications, Administrative Data Processing, Business and Finance and Purchasing. By locating the latter three functions in the same building, process efficiencies and re-engineering of a number of administrative priorities can be gained.

Both of these buildings will be located in the west Pammel Court area to maximize the use of existing campus circulation and to provide for future expansion of these buildings as well as the addition of future services.

Regent Dorr asked whether university officials expected the building to be a Morton-type metal building. Vice President Madden responded that it would likely be a precast concrete building.

PROJECT DESCRIPTIONS AND BUDGETS

Maple Willow-Larch Commons--Telecommunications Upgrade

\$300,000

Source of Funds: Telecommunications Improvement and Extension Funds

	<u>Preliminary Budget</u>
Contracts	\$ 200,000
Design Services	40,000
Project Administration	4,500
University Services	1,000
Miscellaneous	1,000
Utility Extensions	10,000
Telecommunications	14,000
Project Reserve	<u>29,500</u>
 TOTAL	 <u>\$ 300,000</u>

University officials requested approval of a project description and budget in the amount of \$300,000 to provide upgrades to the telecommunication system serving the Maple-Willow-Larch Commons.

This project will include the relocation of the existing underground raceway system to the Maple-Willow-Larch Commons and installation of appropriate thermal protection to remedy the conflict with the direct buried steam lines. The installation of a new 1800 pair copper cable will allow the relocation of the voice system hardware from the Maple-Willow-Larch Commons equipment room to the Linden Hall equipment room.

Library Storage Building/Administrative Services Facilities

\$5,800,000

Office Building

	<u>Preliminary Budget</u>
Contracts	\$ 4,050,400
Design Services	288,000

GENERAL
July 18, 1996

Project Administration	192,000
University Services	6,000
Miscellaneous	10,000
Landscaping	15,000
Utility Extensions	630,000
Fixed Equipment	200,000
Art Work	29,000
Project Reserve	<u>379,600</u>
TOTAL	<u>\$ 5,800,000</u>

Source of Funds:

Income from Treasurer's Temporary Investments	\$ 3,050,000
General University Funds	1,750,000
Parking System	400,000
Facilities Overhead Use Allowance	250,000
Telecommunications Improvement and Extension	<u>350,000</u>

TOTAL \$ 5,800,000

University officials requested approval of a project budget in the amount of \$5,800,000 for the Library Storage Building/Administrative Services Facilities Office Building project.

Lakeside Laboratory--Water Quality Laboratory

\$700,000

Source of Funds: Friends of Lakeside Laboratory, Inc.

	<u>Preliminary Budget</u>
Contracts	\$ 453,200
Design Services	58,930
Project Administration	28,000
Miscellaneous	3,400
Utility Extensions	18,000
Fixed Equipment	10,000
Movable Equipment	63,450
Project Reserve	<u>65,020</u>
TOTAL	<u>\$ 700,000</u>

University officials requested approval of a project description and budget in the amount of \$700,000 to construct a water quality laboratory at the Lakeside Laboratory in northwestern Iowa. Water quality is a major concern of people in the Iowa Great Lakes region because so much of the local economy depends on the lakes. The Iowa Lakeside Laboratory is well situated for water quality research and would like to make it a focus of its research program. However, the laboratory currently does not have a suitable research facility.

The project budget of \$700,000 will be raised entirely by the Friends of Iowa Lakeside Lab. Although the fund raising campaign has just begun, the Friends have already pledged or received approximately \$450,000 toward construction of the facility. In addition, a \$200,000 endowment has been pledged for the continued operation of the laboratory. The fund raising campaign is scheduled to be completed by the end of 1996.

An architect selection committee will be formed with representatives from the Friends group, the Lab Director and Iowa State University's Facilities Planning and Management. Potential candidates from the northwest Iowa area will be interviewed. The successful firm will be asked to develop construction documents for bidding in late winter of 1997. Construction of the facility is anticipated to begin in Spring 1997.

University Child Care Facility
\$1,464,250

Original Budget

\$1,464,250

Amended Budget

Project Budget

	Original Budget <u>April 1996</u>	Amended Budget <u>July 1996</u>
Contracts	\$ 1,009,235	\$ 1,009,235
Design Services	148,680	165,330
Project Administration	58,575	58,575
University Services	5,000	5,000
Miscellaneous	7,570	7,570
Landscaping	5,000	5,000
Utility Extensions	78,775	78,775
Movable Equipment	41,000	41,000
Telecommunications	2,000	2,000
Project Reserve	<u>108,415</u>	<u>91,765</u>
TOTAL	<u>\$ 1,464,250</u>	<u>\$ 1,464,250</u>
Source of Funds:		
Treasurer's Temporary Investments	\$ 1,347,250	\$ 1,344,750
General University Funds	<u>117,000</u>	<u>119,500</u>
TOTAL	<u>\$ 1,464,250</u>	<u>\$ 1,464,250</u>

University officials requested approval of an amended project budget which reflected the reallocation of \$2,500 among the two project fund sources.

GENERAL
July 18, 1996

Engineering Teaching and Research Complex
\$60,320,000

March 1996 Budget

\$61,020,962

Revised Budget

Project Budget

REVISED BUDGET

	Budget Approved March 1996	REVISED BUDGET			
		Planning	Phase 1	Phase 2	TOTAL
Contracts	\$41,500,340		\$24,302,189	\$17,714,095	\$42,016,284
Site Development/ Land Acquisition	1,000,000		500,000	515,000	1,015,000
Demolition	1,000,000		250,000	772,500	1,022,500
Design Services	4,100,855	\$2,115,855	642,133	1,369,763	4,127,751
Project Administration	1,049,000	60,000	696,267	507,516	1,263,783
University Services	200,000		117,118	85,368	202,486
Miscellaneous	92,845	13,845	46,262	33,721	93,828
Landscaping	300,000		175,677	128,053	303,730
Utility Extensions	150,000	1,000	87,253	63,599	151,852
Fixed Equipment	500,000		292,795	213,421	506,216
Movable Equipment	7,200,000		4,873,888	2,365,894	7,239,782
Art Work	301,600		176,614	128,736	305,350
Building Automation	800,000		468,472	341,474	809,946
Telecommunications	800,000		468,472	341,474	809,946
Project Reserve	1,325,360		666,729	485,779	1,152,508
TOTAL	<u>\$60,320,000</u>	<u>\$2,190,700</u>	<u>\$33,763,869</u>	<u>\$25,066,393</u>	<u>\$61,020,962</u>
<u>Source of Funds:</u>					
Federal Aviation Grant	\$ 1,500,000	\$1,500,000			\$ 1,500,000
Future Federal Aviation Grant	13,500,000				
ISU Foundation	400,000	690,700			690,700
Future ISU Foundation	13,600,000				
State Appropriations			\$11,000,000		11,000,000
Future ISU Foundation/ Federal Aviation Administration Grant			22,763,869	\$ 4,166,393	26,930,262
Future State Funding	31,320,000			20,900,000	20,900,000
	<u>\$60,320,000</u>	<u>\$2,190,700</u>	<u>\$33,763,869</u>	<u>\$25,066,393</u>	<u>\$61,020,962</u>

University officials requested approval of a revised project budget in the amount of \$61,020,962, an increase of \$700,692. The revised budget included \$11,000,000 authorized by the 1996 General Assembly. The revised budget also included inflation adjustments for Phase 2 of the project consistent with the university's FY 1999 capital request.

The revised project budget was subdivided into budgets for each of the phases. The 1996 General Assembly authorized construction of Phase 1 of the project which will construct a 164,000 gross square foot facility on the west side of Bissell Road. The project budget for Phase 1 is \$33,763,869, including \$11 million in State appropriations and \$22,763,869 from the ISU Foundation and/or future Federal Aviation Administration grants.

The project budget for Phase 2 is \$25,066,393. University officials requested for FY 1999 State funds of \$20,900,000. This phase totaling approximately 98,500 gross square feet will provide small additions to the Phase 1 building and will construct a building east of Bissell Road. The proposed budget also included \$4,166,393 from the ISU Foundation and/or future Federal Aviation Administration grants.

GENERAL
July 18, 1996

Intensive Livestock Research and Instruction

\$28,624,500

Facilities

\$29,822,568

March 1996 Budget

Revised Budget

Project Budget

REVISED BUDGET

	Budget Approved March 1996	REVISED BUDGET			
		<u>Planning</u>	<u>Phase 1</u>	<u>Phase 2</u>	<u>TOTAL</u>
Contracts	\$22,519,994		\$16,203,825	\$8,278,647	\$24,482,472
Design Services	2,872,963	\$1,833,252	371,490	185,255	2,389,997
Project Administration	540,000	30,023	341,667	198,749	570,439
University Services	20,000	1,433	19,045	9,808	30,286
Miscellaneous	50,000	5,500	29,667	15,278	50,445
Landscaping	100,000		40,000	20,600	60,600
Utility Extensions	600,000		333,000	218,360	551,360
Movable Equipment	212,000		512,000	49,852	561,852
Art Work	143,200		5,000	46,350	51,350
Building Automation	400,000		293,333	151,067	444,400
Telecommunications	50,000		33,333	17,167	50,500
Project Reserve	1,116,343		500,000	78,867	578,867
TOTAL	<u>\$28,624,500</u>	<u>\$1,870,208</u>	<u>\$18,682,360</u>	<u>\$9,270,000</u>	<u>\$29,822,568</u>
<u>Source of Funds:</u>					
State Appropriations			\$15,300,000		\$15,300,000
ISU Foundation	\$ 2,340,000		3,268,068		3,268,068
Academic Building Revenue Bonds, Series 1994	1,984,500*	\$1,870,208	114,292		1,984,500
Future State Funding	24,300,000			\$9,270,000	9,270,000
	<u>\$28,624,500</u>	<u>\$1,870,208</u>	<u>\$18,682,360</u>	<u>\$9,270,000</u>	<u>\$29,822,568</u>

* Excluding issuance costs

University officials requested approval of a revised project budget in the amount of \$29,822,568, an increase of \$1,198,068. The revised budget included the FY 1997 capital appropriation of \$15,300,000. The revised budget also included increases resulting from construction market conditions for Phase 1 of the project and inflation

adjustments for Phase 2 of the project consistent with the university's FY 1999 capital request. The additional funds will be obtained through additional private gift funding.

The revised project budget was subdivided into budgets for each of the phases. The 1996 General Assembly authorized construction of Phase 1 of the project which will provide for an addition to and remodeling of Kildee Hall, Meats Laboratory and the Old Meats Lab complex. Approximately 75,000 gross square feet will be constructed and approximately 19,000 gross square feet will be remodeled. The project budget for Phase 1 is \$18,682,360, including \$15,300,000 in State appropriations, \$3,268,068 from the ISU Foundation and \$114,292 from Academic Building Revenue Bonds, Series 1994.

The project budget for Phase 2 is \$9,270,000. University officials requested for FY 1999 State funds in this amount. This phase totaling approximately 27,900 gross square feet will provide for a state-of-the-art livestock infectious disease isolation facility to be located at the Veterinary Medicine Research Institute. The facility will be used for studies on pathogenesis of infectious organisms, immunity enhancement, and food safety, as well as for evaluating efficacy of new and improved vaccines and drugs.

Cyclone Stadium--Deferred Maintenance
Source of Funds: Athletic Department
\$420,000

Original Budget \$400,000
Revised Budget

	<u>Project Budget</u>	
	Original Budget <u>Jan. 1996</u>	Revised Budget <u>July 1996</u>
Contracts	\$ 300,000	\$ 340,351
Design Services	37,500	32,000
Project Administration	16,750	17,550
University Services	1,000	1,000
Miscellaneous	1,000	1,000
Project Reserve	<u>43,750</u>	<u>28,099</u>
TOTAL	<u>\$ 400,000</u>	<u>\$ 420,000</u>

University officials presented a revised project budget for the Cyclone Stadium--Deferred Maintenance project in the amount of \$420,000, an increase of \$20,000. The revised budget was approved by the Executive Director on July 1, 1996, to allow the university to proceed with the renovation of an additional concession/restroom building.

The additional work will be incorporated into the construction contract with R. H. Grabau Construction via a change order in the amount of \$131,429. The revised budget and change order were approved by the Executive Director to allow the university to proceed with the project in order to meet the August 23 completion date.

* * * * *

University officials reported 20 new projects with budgets of less than \$250,000. The titles, source of funds and estimated budgets for the projects were listed in the register prepared by the university.

ARCHITECT/ENGINEER AGREEMENTS

Palmer Human Development and Family Studies Building \$40,500
RDG Bussard Dikis, Des Moines, Iowa

University officials requested approval to enter into an agreement with RDG Bussard Dikis to provide design services for the project based on the firm's demonstrated experience, ability and enthusiasm for the project. University officials requested approval to enter into an agreement with RDG Bussard Dikis for pre-design architectural services in the amount of \$40,500, including reimbursables. The firm will assist in the preparation of the project budget which will be presented for Board approval at a future meeting.

Library Storage Building/Administrative Services Facilities Office Building \$268,000
Shiffler and Associates, Des Moines, Iowa

University officials requested approval to enter into a new agreement with Shiffler and Associates which will provide full design services for both portions of the project. This new agreement includes all design services to be provided by Shiffler and Associates on this project and supersedes the previous agreements. The agreement provides for a fee of \$268,000, including reimbursables.

CONSTRUCTION CONTRACTS

Athletic Office and Training Facility--Olsen Building--Phase 3, North Construction
Bid Packages 1, 4 and 5
Reject Bids

Bids were received on May 16, 1996, for Phase 3 of the Athletic Office and Training Facility. One bid was received for bid packages 1, 4 and 5. On June 19, 1996, the Executive Director authorized the university to reject the bids for packages 1, 4 and 5.

GENERAL
July 18, 1996

Athletic Office and Training Facility--Olsen Building--Phase 4-Sitework \$353,639.00
Award to: Taylor Ball, West Des Moines, Iowa
(1 bid received)

Parking Lots 50A and 50B Improvements Negotiated Award of \$221,754.40
Award to: Manatt's, Ames, Iowa
(1 bid received)

CHANGE ORDERS TO CONSTRUCTION CONTRACTS

Cyclone Stadium--Deferred Maintenance Change Order #1 \$131,429
R. H. Grabau Construction, Boone, Iowa

University officials presented for Board ratification Change Order #1 in the amount of \$131,429 to the agreement with R. H. Grabau Construction for the Cyclone Stadium--Deferred Maintenance project. On July 1, 1996, the Executive Director approved a revised project budget and Change Order #1 which will provide for the renovation of an additional concession/restroom building. The revised budget and change order were approved by the Executive Director to allow the university to proceed with the project in order to meet the August 23 completion date.

ACCEPTANCE OF COMPLETED CONSTRUCTION CONTRACTS

Lake LaVerne Restoration--Well
Armstrong Company, Ames, Iowa

Parks Library--Room 430--Conservation and Restoration Laboratory
Mehl Construction, Story City, Iowa

Utilities--Deaerator Surge Tank Replacement
ACI Mechanical, Ames, Iowa

MOTION: Regent Pellett moved that the Register of Capital Improvement Business Transactions for Iowa State University be approved, as presented. Regent Mahood seconded the motion. MOTION CARRIED UNANIMOUSLY.

NAMING OF BUILDING - STANLEY AND HELEN HOWE HALL. The Board Office recommended the Board approve the request from Iowa State University to name the new Engineering Teaching and Research Complex as Stanley and Helen Howe Hall.

Iowa State University officials requested approval to name the first phase of the new Engineering Teaching and Research Complex as Stanley and Helen Howe Hall in honor of Stanley M. and Helen H. Howe of Muscatine, Iowa.

The Howes recently made the lead gift of \$6 million for this facility and influenced an additional equipment gift of \$1 million from HON Industries. Their gift is the largest outright cash commitment in Iowa State University history and excluding estate gifts, is also the single largest cash gift to an Iowa public university according to university officials.

The Howes have had a lifelong commitment to various social and business causes.

The discussion concerning this item can be found under "Adopt a Resolution Honoring Stanley and Helen Howe", page 132 of these Minutes.

MOTION: Regent Lande moved to approve the request from Iowa State University to name the new Engineering Teaching and Research Complex as Stanley and Helen Howe Hall. Regent Tyrrell seconded the motion. **MOTION CARRIED UNANIMOUSLY.**

VENDING CONTRACT. The Board Office recommended the Board approve the Memorandum of Agreement and the referenced governing documents between Iowa State University and the Iowa State Memorial Union providing for the Union to supply vending on the ISU campus including a manual food operation in the Hub by McDonald's.

Since university officials announced the award of its vending service to the Memorial Union, including the proposed installation of a manual food operation by McDonald's in the Hub, there have been a number of requests by individuals and groups on the campus to provide the opportunity for more time to comment. Although Regents and state competitive procurement processes were fully followed in the award of the contract to the Memorial Union and its subcontractor, McDonald's, and the information was publicly available since the bid opening in March, the recommendation to defer was primarily a service to the university community and was intended to be responsive to its needs. Based upon the requests for the opportunity for more time, in consultation and concurrence with the representatives of the Memorial Union and McDonald's, university officials proposed to delay this portion of the agreement for further consideration until after the fall term begins.

Since the June meeting, university officials continued negotiations with the Memorial Union and McDonald's regarding provision of vending service and a manual food operation on the main campus and in the residence halls. The Memorandum of

Agreement between Iowa State University and the Iowa State Memorial Union and the Operating Agreement between the Iowa State Memorial Union and McDonald's Corporation have been reviewed by the Attorney General's office and were recommended for approval.

Recommendation for award of the contract to the Iowa State Memorial Union was based on a competitive bidding process as required by the Board of Regents Procedural Guide, Section VII.

The major terms and conditions of the Memorandum of Agreement between the university and the union include:

- A five-year agreement through July 26, 2001, with the option to renew, by written mutual agreement of the parties (university and union), for an additional three years.
 - Under the terms of the operating agreement between the union and McDonald's, McDonald's has the option to extend automatically its agreement for three additional periods of one year each.
- Appropriate immunity and indemnity provisions.
 - The union agrees to indemnify the university, the Board of Regents and the State of Iowa for damages caused by the union's breach of contract and for negligent or intentional acts.
- The university's right to terminate the agreement if the union's performance is not satisfactory.
- Commission and payment terms that are projected to generate \$3.5 million to the university over the life of the agreement.
- Establishment of Memorial Union Vending Scholarships projected to total more than \$120,000 over the life of the agreement.
- Utilization of the university's debit card and the installation of all new vending equipment.
- Establishment of a manual food operation by McDonald's occupying approximately 515 square feet of space in the Hub; by terms of the Memorandum of Agreement the university grants the union authorization to contract for manual food operation in the Hub.

- The university will directly enter into a Non-Disturbance and Attornment Agreement with McDonald's, whereby the university agrees to continue the commitment with McDonald's if the university's Memorandum of Agreement with the union terminates before the expiration of the term of the operating agreement between the Memorial Union and McDonald's.
- The university agrees that it will not install another competing burger operation on the main campus during the term of the agreement.
- Any renovation or modification of the facility will require university approval.
- McDonald's will submit to the union and the university its initial architectural plans for the 515 square feet of space for review and approval.

Responsibilities of the university are:

- Provide the union with suitable space for the placement of the agreed-upon vending machines and areas for the consumption of vended items where applicable.
- The university reserves the right to review, inspect, evaluate and request changes in the operation and condition of vended food service at any time with respect to the quality and quantity of food served, and prices of all food/beverage items.
- Furnish janitorial services for cleaning areas including the area serving the branded food operation, plumbing and wiring necessary for installation of vending machines, and utilities for operation of the vending machines and the branded food service area.

University officials believe that the terms and conditions of the agreements adequately provide for the university's interests while recognizing the financial investment required by the bidders.

Based upon industry standards the terms are financially advantageous and will substantially enhance vending revenues, hold prices at current levels, and improve service, permitting the university to focus on its core activities while letting nationally reputable firms serve the university community for vending and food service on the campus.

Vice President Madden presented the following revised recommendation on behalf of Iowa State University:

The university is revising its recommendation regarding the vending contract with the Memorial Union to defer implementation of the manual food portion of the

GENERAL
July 18, 1996

agreement to install a McDonald's operation in the Hub. The remaining terms and conditions of the agreement dealing with the installation of vending service on the campus would proceed as previously recommended.

Regent Pellett commended university officials for allowing time for more input from the university community.

MOTION:

Regent Dorr moved to approve the Memorandum of Agreement and the referenced governing documents between Iowa State University and the Iowa State Memorial Union providing for the Union to supply vending on the ISU campus with the exception of deferring implementation of the manual food portion of the agreement to install a McDonald's operation in the Hub. The remaining terms and conditions of the agreement dealing with the installation of vending service on the campus would proceed as previously recommended. Regent Smith seconded the motion. MOTION CARRIED UNANIMOUSLY.

President Newlin then asked Board members and institutional officials if there were additional items for discussion pertaining to Iowa State University. There were none.

UNIVERSITY OF NORTHERN IOWA

The following business pertaining to the University of Northern Iowa was transacted on Thursday, July 18, 1996.

REGISTER OF PERSONNEL TRANSACTIONS. The Board Office recommended the Board approve the university's personnel transactions, as follows:

Register of Personnel Changes for June 1996.

The register contained the appointment of WILLIS R. GREER, JR., as Dean of the College of Business Administration, effective August 1, 1996, at an annual salary of \$115,000.

MOTION: Regent Pellett moved to approve the university's personnel transactions, as presented. Regent Dorr seconded the motion. MOTION CARRIED UNANIMOUSLY.

UNIVERSITY ORGANIZATIONAL CHART. The Board Office recommended the Board approve the organizational changes outlined below.

The creation of the Information Technology Services Unit which includes a new associate vice president position.

The merging of the functions of Director of External Relations and Executive Assistant to the President.

MOTION: Regent Pellett moved to approve the organizational changes, as presented. Regent Dorr seconded the motion. MOTION CARRIED UNANIMOUSLY.

GENERAL
July 18, 1996

REGISTER OF CAPITAL IMPROVEMENT BUSINESS TRANSACTIONS. The Board Office recommended the Board approve the university's capital register, as presented.

ARCHITECT/ENGINEER AGREEMENTS

Amendments

<u>Commons North Parking Lot</u> Kirkham Michael and Associates, Cedar Falls, Iowa	<u>\$1,200.00</u>
<u>Institutional Roads 1996--E, F and G Streets and Hillside Courts Parking Lots, E, F and G Streets</u> Van Winkle Jacobs, Iowa City, Iowa	<u>\$1,432.50</u>
<u>McColum Science Hall--Renovate Research Space</u> Wehner Pattschull and Pfiffner, Iowa City, Iowa	<u>\$2,000.00</u>
<u>Price Laboratory School Field House</u> RDG Bussard Dikis, Des Moines, Iowa	<u>\$838.40</u>

CONSTRUCTION CONTRACTS

<u>Physical Education Center Roof and Baker Hall Exterior and Electrical Repairs (Roof Contract)</u> Award to: Pries Roofing, LaPorte City, Iowa (6 bids received)	<u>\$230,200.00</u>
<u>Strayer Wood Theatre--Replace Skylights (Roof Contract)</u> Award to: Pries Roofing, LaPorte City, Iowa (3 bids received)	<u>\$32,620.00</u>

ACCEPTANCE OF COMPLETED CONSTRUCTION CONTRACTS

<u>Maucker Union Roof/Pedestrian Plaza</u> Peters Construction Corporation, Waterloo, Iowa	<u>\$1,228,046.80</u>
<u>Russell Hall--North Parking Lot</u> Rampart Corporation, Waterloo, Iowa	<u>\$305,453.48</u>
<u>West Gym--East Plaza</u> Rampart Corporation, Waterloo, Iowa	<u>\$221,232.76</u>

GENERAL
July 18, 1996

Steam Distribution System--West Gym
Rampart Corporation, Waterloo, Iowa

\$208,290.00

FINAL REPORTS

UNI-Dome Emergency Repairs--Phases I and II

\$625,325.51

MOTION:

Regent Lande moved to approve the university's capital register, as presented. Regent Mahood seconded the motion. MOTION CARRIED UNANIMOUSLY.

President Newlin then asked Board members and institutional officials if there were additional items for discussion pertaining to the University of Northern Iowa. There were none.

IOWA SCHOOL FOR THE DEAF

The following business pertaining to Iowa School for the Deaf was transacted on Thursday, July 18, 1996.

RATIFICATION OF PERSONNEL TRANSACTIONS. The Board Office recommended the Board approve the school's personnel transactions, as follows:

Register of Personnel Changes for May and June 1996.

MOTION: Regent Pellett moved to approve personnel transactions, as presented. Regent Dorr seconded the motion. MOTION CARRIED UNANIMOUSLY.

PROPOSED ADMINISTRATIVE REORGANIZATION. The Board Office recommended the Board approve the changes in the administrative organization of the Iowa School for the Deaf as follows:

- Change the name of the Personnel Department and the title of the director to Human Resources Department and Director, Human Resources.
- Change the organizational placement of the Human Resources Department from reporting to Director of Business Operations to reporting directly to the Superintendent.

MOTION: Regent Tyrrell moved to approve the changes in the administrative organization of the Iowa School for the Deaf, as presented. Regent Smith seconded the motion. MOTION CARRIED UNANIMOUSLY.

PRELIMINARY PLAN FOR TECHNOLOGY. The Board Office recommended the Board approve the preliminary plan for technology at the Iowa School for the Deaf.

The Iowa School for the Deaf preliminary plan for technology is an outgrowth of the Board of Regents' strategic plan to develop curricula and instructional methodologies to enhance all programs.

The preliminary plan for technology addresses four points in the Iowa School for the Deaf strategic plan that relate to technology and instruction. School officials developed five goals to guide its technological plan.

MOTION: Regent Smith moved to approve the preliminary plan for technology at the Iowa School for the Deaf. Regent Kennedy seconded the motion.
MOTION CARRIED UNANIMOUSLY.

REGISTER OF CAPITAL IMPROVEMENT BUSINESS TRANSACTIONS. The Board Office reported that there were no transactions on the school's capital register this month.

President Newlin then asked Board members and institutional officials if there were additional items for discussion pertaining to the Iowa School for the Deaf. There were none.

IOWA BRAILLE AND SIGHT SAVING SCHOOL

The following business pertaining to Iowa Braille and Sight Saving School was transacted on Thursday, July 18, 1996.

RATIFICATION OF PERSONNEL TRANSACTIONS. The Board Office recommended the Board approve personnel transactions, as follows:

Register of Personnel Changes for the period of May 19 to June 15, 1996.

MOTION: Regent Pellett moved to approve personnel transactions, as presented. Regent Dorr seconded the motion. MOTION CARRIED UNANIMOUSLY.

PRELIMINARY PLANS FOR TECHNOLOGY. The Board Office recommended the Board approve the preliminary plan for technology at the Iowa Braille and Sight Saving School.

Iowa Braille and Sight Saving School officials based its preliminary plan on the Regents' strategic goal to develop curricula and instructional methodologies to enhance all programs.

The Iowa Braille and Sight Saving School plan is intended to enhance the broad student outcomes. The plan is to be implemented and monitored by the technology coordinator, a new position at Iowa Braille and Sight Saving School.

The preliminary plan for technology was created with faculty input and was submitted to the Iowa Braille and Sight Saving School Advisory Committee for individual members to comment.

Superintendent Thurman stated that he hoped to report back to the Regents as school officials move forward in this effort. He noted that the types of technology used at the school will be vastly different than that used at K-12 schools.

MOTION: Regent Tyrrell moved to approve the preliminary plan for technology at the Iowa Braille and Sight Saving School. Regent Pellett seconded the motion. MOTION CARRIED UNANIMOUSLY.

REGISTER OF CAPITAL IMPROVEMENT BUSINESS TRANSACTIONS. The Board Office reported that there were no transactions this month on the Register of Capital Improvement Business Transactions for the Iowa Braille and Sight Saving School.

EXECUTIVE SESSION. President Newlin requested the Board enter into closed session to consider a request from an employee whose performance was being considered as provided by the Code of Iowa section 21.5(1)(i).

MOTION: Regent Tyrrell moved to enter into closed session. Regent Pellett seconded the motion, and upon the roll being called, the following voted:
AYE: Dorr, Kennedy, Lande, Mahood, Newlin, Pellett, Smith, Tyrrell.
NAY: None.
ABSENT: None.

MOTION CARRIED UNANIMOUSLY.

The Board having voted at least two-thirds majority resolved to meet in closed session beginning at 4:00 p.m. on Thursday, July 18, 1996, and adjourned therefrom at 5:00 p.m. on that same date.

ADJOURNMENT.

The meeting of the State Board of Regents adjourned at 5:00 p.m., on Thursday, July 18, 1996.

GENERAL
July 18, 1996

R. Wayne Richey
Executive Director